

1993
Austria
Eric Frey

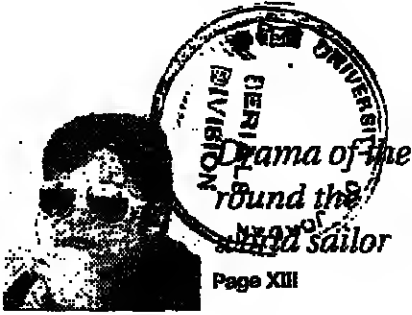
Weekend FT
Inside section II



Science:
saviour or tool
of the devil?
Page I



What real
tourists do
in Bali
Page XVI



Drama of the
round the
sailor
Page XIII



US Budget
How the numbers
stack up
Page 3

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND APRIL 10/APRIL 11 1993

B8523A

Iraqis fire on US warplanes in no-fly zone

Four US warplanes were attacked by ground artillery while patrolling the no-fly zone in northern Iraq. The US administration said the aircraft responded to the fire by dropping four cluster bombs before returning safely to their base. Iraq said a soldier was wounded when an aircraft dropped cluster bombs on a military position guarding a dam.

Japan threatens pull-out: Japan has warned it could withdraw from Cambodia if attacks on United Nations personnel increase. This followed the killing of a Japanese volunteer working for the UN. Page 24; Blood stains peace, Page 4

Italy to extend privatisation: The Italian government announced plans to accelerate its privatisation programme with the sale of most of the Eni energy and chemicals group. Page 2

Bank of France move heralded: The French government said draft legislation to give the Bank of France independence and to privatise state-held companies would be ready by next week. Page 24

Footsie near standstill ahead of Easter: A virtually unchanged reading on the FT-SE 100 index provided a suitable verdict on the trading session in the UK stock market on Thursday with the Footsie closing at 2,821.8, only 0.3 off the previous day. Although still nervous, equities were helped by technical rallies in Wellcome and BAT Industries, the two blue chips whose misfortunes have undermined the market this week. Page 15

Bhopal charges: The Indian subsidiary of Union Carbide, US chemicals group, has been charged with manslaughter in an action arising from the 1984 Bhopal gas tragedy in which more than 3,000 people died. Eight present or former employees of the group have also been charged. Page 4

US manned flights grounded: A US long-term programme for manned flights to the moon and Mars has been dropped because of spending cuts by the US space agency NASA. Page 3

German sales sag: German industry's sales in January fell 13.5 per cent to DM141bn (\$87.5bn) from a year ago as recession and winter weather took their toll. Page 2

Indian tornado kills 100: A tornado struck the east Indian state of West Bengal, killing at least 100 people.

Second wanted IRA man recaptured: Irish police said they arrested Irish Republican Army suspect Pearse McAuley at a Dublin railway station. He has been free since escaping with fellow prisoner Neehan Quinn from Brixton jail, London, two years ago. Quinn was arrested last Sunday.

Stolen masters recovered: Two 17th century paintings worth an estimated \$9m were recovered near Vicenza, north-east Italy. The paintings, Madonna Grieving with Maria by Van Dyck and The Guardian Angel by Murillo were stolen in 1991 in California.

Kim names son to top military post: Kim Jong-il, son and designated successor of North Korean president Kim Il-sung, was appointed chairman of the national defence committee, the nation's highest military post. Page 4

Women continue UK pits protest: Ann Scargill, wife of miners' leader Arthur Scargill, and three other women started a second night underground at Parkside Colliery, northern England, in protest against pit closure plans.

BR seeks to avert strikes: British Rail is trying to persuade staff this weekend not to join a second strike on Friday, Page 7

Plot to kill Walesa foiled: Poland's secret service confirmed that it prevented an attempt on the life of President Lech Walesa. No further details were disclosed.

Easter publication: The Financial Times will not be published on Easter Monday, April 12. It will be published again on Tuesday, April 13.

STOCK MARKET INDICES		STERLING	
FT-SE 100	2821.8 (-0.3)	New York	1,527 (1,513)
Yield	4.04	Dollar	1.82 (1.81)
FT-SE Europe 100	1101.4 (-0.7)	DM	1.82 (1.81)
FT-SE Asia	1084.58 (-0.7)	DM	2.45 (2.47)
Nikkei	10,882.18 (-0.3)	DM	8.28 (8.28)
Dow Jones Ind	3,336.48 (-0.5)	SFR	2.27 (2.27)
S&P Composite	441.84 (-0.3)	Y	173.25 (172.2)
US CLOSING RATES		DOLLAR	
Federal Funds	2 1/4% (2 1/4%)	New York	1.805 (1.81)
3-mo T-bill	2.55% (2.56%)	DM	5.439 (5.47)
Long Bond	103.2 (102.5)	SFR	1.479 (1.46)
Yield	6.85% (6.94%)	Y	113.375 (113.5)
LONDON MONEY		LONDON	
3-mo interbank	5 1/4% (5.00%)	London	1.807 (1.81)
Libor 3m	10 1/2% (10.00%)	DM	5.439 (5.47)
NORTH SEA OIL (Anglo)		SFR	
June 15-day (May)	\$18.71 (18.8)	Y	113.375 (113.5)
Gold		\$ Index	64.8 (65.1)
New York Comex June	\$338.9 (338.7)		
London	\$338.95 (338.65)		

For customer service and other general enquiries call:

Frankfurt
(69) 15685150

Austria: 01 401 12 20; Belgium: 02 535 11 11; Canada: 01 416 363 11 11; Denmark: 01 33 33 33; France: 01 44 44 44; Germany: 01 44 44 44; Hong Kong: 01 44 44 44; India: 01 44 44 44; Italy: 01 44 44 44; Japan: 01 44 44 44; Korea: 01 44 44 44; Luxembourg: 01 44 44 44; Malaysia: 01 44 44 44; Mexico: 01 44 44 44; Netherlands: 01 44 44 44; New Zealand: 01 44 44 44; Norway: 01 44 44 44; Poland: 01 44 44 44; Portugal: 01 44 44 44; Singapore: 01 44 44 44; Spain: 01 44 44 44; Sweden: 01 44 44 44; Switzerland: 01 44 44 44; Taiwan: 01 44 44 44; Thailand: 01 44 44 44; Turkey: 01 44 44 44; USA: 01 44 44 44; Venezuela: 01 44 44 44.

Government body ready to provide part of finance needed for management buyout Leyland Daf set for £4.8m boost

By Paul Cheeseright,
Midlands Correspondent

A GOVERNMENT body is ready to provide a crucial part of the finance needed for the proposed management buyout of Leyland Daf's Birmingham van plant from the receivers.

The cash injection, worth up to £4.8m, would come through a purchase by Birmingham Heartlands Development Corporation of land occupied by Leyland Daf and on top of equity from 31, the venture capital group, bank loans and investment assistance from

the government. Mr Jim Beeston, the corporation's chief executive, refused to confirm the purchase but noted that the corporation had powers "to buy land, to grant development aid, to improve land and to support training initiatives". The corporation is a statutory body charged with the economic regeneration of the east Birmingham area where Leyland Daf's Washwood Heath plant is situated.

Mr Beeston said his board had concluded that it could not afford to spend a large part of its £5m annual budget, which it receives

from the Environment Department, on Leyland Daf. However, he foreshadowed an announcement "at the end of next week or the following week", implying that the corporation would receive government funds to buy the land over the next few days.

Mr Ken Ogilvy, of Coopers & Lybrand, the accountant assembling finance for the buyout team, said he was expecting a formal offer to purchase land. The buyout team is expected to take control on April 19.

Whitehall funding is one of three main elements in the financial package put together for the buyout team, led by Mr Allan Amey, to purchase the Washwood Heath plant from Arthur Andersen, the Leyland Daf receiver. The other two are equity from a consortium led by 31 and borrowings provided by an undisclosed UK bank.

A further element of the official funding is to be an unknown amount of regional selective assistance from the Department of Trade and Industry. This assistance, under the terms of the Industrial Development Act 1982, has to be used for capital projects

and is normally drawn down in instalments dependent on the progress of the project.

Although readiness to provide cash for Leyland Daf demonstrates the government's expressed desire to support manufacturing industry, such funding is rare from a government which has preferred to allow market forces to settle the destiny of failed companies.

In February, Mr Heseltine ruled out government finance to meet losses at the plant but made clear that assistance would be available for capital projects.

The land in question covers about 40 acres of the 105 acres occupied by Leyland Daf at Washwood Heath, said Mr Ogilvy. It was originally intended for the company's Excel van joint venture with Renault, the French vehicle manufacturer. This venture was scrapped after Leyland Daf called in receivers.

The Birmingham Heartlands Development Corporation had had the land independently valued and would not be paying more than the receiver would

Continued on Page 24

Karadzic stresses that 'detailed inspections' of convoys will have to be made

Serbs say UN aid in Bosnia can continue

By Laura Silber in Tuzla and Our Foreign Staff

UNITED NATIONS officials appeared yesterday to have succeeded in maintaining the flow of aid in Bosnia after urgent talks with Serb leaders.

The talks in Belgrade followed the discovery by Serb soldiers on Thursday of smuggled ammunition on board a UN relief truck delivering aid to a Moslem area of Sarajevo.

Last night Dr Radovan Karadzic, the Bosnian Serb leader, promised that shipments would continue to flow, although "it is obvious that we have to make detailed inspections of convoys".

During the talks, General Lars-Erik Walthgren, commander of the UN force in former Yugoslavia, expressed his "dismay and regret" at the use of the convoy by unnamed parties to smuggle ammunition.

General Walthgren said he had asked Bosnian Serb military forces to help in an investigation into the issue. Earlier, some Bosnian Serb officials had threatened to ban the passage of aid convoys if more smuggled arms were found.

Any prolonged disruption of the convoy system would call into question the survival of the Tuzla enclave, the biggest stronghold of the Bosnian government and main destination for thousands of refugees fleeing the Serb siege of nearby Srebrenica.

Once a major industrial centre of former Yugoslavia, Tuzla's population of 125,000 has increased by half with refugees, mostly from eastern Bosnia. Refugees make up 25 per cent of the 850,000 population of the whole Tuzla enclave, which includes parts of central Bosnia under nominal governmental control.

The city itself is nearly cut off by Serb forces, while Croat troops occasionally take control of the narrow dirt road, the only open route to the city.

Mr Jose Maria Mendiluce, a top official of the UN High Commissioner for Refugees, says Tuzla's authorities have performed "miracles" in coping with the influx of refugees.

But he concedes that "we cannot supply the city with food indefinitely. The Croats must be pressured to stop the continuing harassment and blocking of aid to Tuzla," he said, adding that some 80 per cent of food aid was delivered through Serb lines from Bel-

grade. Plans to bring another convoy of refugees out of Srebrenica today are reported to have been postponed, but officials in Tuzla can expect little permanent relief from the flood of refugees from the besieged

town. Yesterday General Ratko Mladic, the commander of the Bosnian Serb army, said Canadian UN troops would not be allowed to enter Srebrenica as part of an effort by General Philippe Morillon to end the siege.

Speaking after meeting UN military chiefs in Belgrade, General Mladic said the 120 Canadians could only enter the eastern Bos-

Continued on Page 24
Further reports, Page 2



Moslem refugees from Srebrenica, crushed together in a UN truck, reach the Bosnian town of Bratunac

Easter rain brings spring cheer for estate agents

By Andrew Taylor,
Construction Correspondent

AS BRITAIN'S housing market shows strong signs of a recovery, estate agents are hoping the Easter weekend - traditionally the beginning of the busiest period of the year for house sales - will be their most profitable for years.

Sales over the next few weeks will determine whether the revival will last or peter out as in previous springs. Estate agents' offices and show houses are likely to be open throughout the holiday weekend.

Though the heaviest business normally begins on Easter Saturday, the signs yesterday in the area hardest hit - the south east - were good. Pocock & Shaw, a Cambridge estate agency, said: "We had expected Good Friday to be rather quiet, instead we have been frantically busy."

"The wet weather may have helped us in that people, instead of going for a day out, have been coming in to ask about properties. We have seen between 50 and 60 people. The telephone has hardly stopped ringing."

Mr Henry Rowe, an estate agent in Saffron Walden, Essex, said the holiday had got off to an encouraging start.

Mr Kevin Moll, Mr Rowe's partner, said: "We have sold 70 houses since the beginning of this year, about a quarter more than during the first three months of last year. We are currently averaging about 20 sales a month. In two days last weekend we had 15 offers to buy."

"There have been periods over the past four years when sales have been at this level but we have not had such a sustained recovery as we have seen this year. We have even had isolated cases of gazumping."

Mr Jonathan Harvey, director of Friend & Falcke, which sells in London's Chelsea, Knightsbridge and Belgravia, said: "Sales are up about 60 per cent on the first three months of last year."

"A lot of these are to foreign buyers taking advantage of sterling's devaluation. Purchases by Britons, however, are still up by 15 to 20 per cent on the same period last year."

Their experience has been shared by estate agents, house-builders and building societies in other parts of the country.

Sales figures for 15 of the country's largest national house-builders show offers to buy new homes have risen by approaching a third during the first 13 weeks of this year. This includes sales

to housing associations. Sales to private sector buyers are estimated by builders to have risen by between a fifth and a quarter.

The weekly figures, compiled by the Housebuilders Federation, measure net reservations - sales on which a deposit has been paid less cancellations. Net reservations for the 15 housebuilders, representing about 20 per cent of the new housing market, totalled 5,000 in January and February, compared with 4,200 in the first two months of last year.

This trend continued in March in spite of a slight slow down in the week before the Budget.

Mr David Holland, chief executive of Wimpey Homes, the country's second largest house builder, said: "We have had an excellent start to the year which we now hope to build upon. Prices have stopped falling. The next stage will be to start with drawing sales incentives such as discounts, cheap mortgages and removal expenses. This is starting to happen in a few areas."

"Provided the recent revival is sustained we might even see prices starting to rise again by the end of this year."

Farmland for sale, Page 6
Editorial Comment, Page 8
Property, Weekend XIV

CONTENTS			
News	Letters	FT World Activities	Money Markets
International News	Man in the News	Foreign Exchanges	Recent Issues
UK News	Companies	Gold Markets	Share Information
Weather	UK	Equity Options	World Commodity
Law	Int. Companies	London SE	Wall Street
Features	Markets	LSE Dealings	Bourse
Leader Page	FT Activities	Managed Funds	

Trading U.K. Stocks?

Save Up To 71% In Commission

If you make your own investment decisions, Fidelity's International Investor Service offers a simple and inexpensive way to access the UK market. You'll get a substantial discount over traditional full cost stockbrokers just compare commission levels in the chart.

Investment	Traditional Full Cost	Fidelity's International Investor Service	Discount
\$2,000	\$47	\$25	47%
\$8,000	\$150	\$45	57%
\$15,000	\$211	\$70	67%
\$30,000	\$291	\$85	71%

Currency conversions are done at no extra charge when associated with a trade, and our linked, multi-currency offshore Money Market account pays interest on all uninvested cash balances. The international investor can also trade on the Continental European and other major markets through the Fidelity International Investor Service at a substantial discount.

Consider the benefits

- ✓ Callfree dealing numbers from Europe
- ✓ Up to 71% savings on commission
- ✓ Trading in UK, US, Continental Europe and other major markets
- ✓ Unit trusts and mutual funds
- ✓ Multi-currency Money Market Account
- ✓ Free real-time trading information
- ✓ Open until 9pm UK time
- ✓ Worldwide reputation

What's more you have the assistance of the Fidelity name - one of the leading and most respected stockbroking and fund management groups in the world.

Call now for details

International (+44) 732 838811
Callfree 0800 222190
9am - 9pm UK time (7 days)
Fax (+44) 732 838911 anytime

To: Fidelity Brokerage Services Limited,
25-26 Lovat Lane, London EC3R 8LL
United Kingdom

Please send me more information and an application for Fidelity International Investor Service.

Mr/Ms/Miss (Please print) _____

Address _____

Postcode _____

Tel No _____ Day/Eve (please circle)

(or that we may call you to answer any questions you may have)

Nationality _____

I would appreciate _____ times a year

Fidelity Brokerage

NEWS: INTERNATIONAL

Amato government's signals
help bolster lira and shares

Rome plans to accelerate state sell-offs

By Haig Simonian in Milan

THE ITALIAN government plans to accelerate its ambitious privatisation programme and push sales into public services and parts of the energy sector.

The new proposals, amplifying plans presented last November, imply that the four parties in Prime Minister Giuliano Amato's coalition government have reached some agreement on remaining in office beyond crucial referendums on April 18.

However, in view of the unpredictable political climate in Rome and the ambitious timetable, the plans may still be vulnerable to change or delay.

The privatisation announcement, and a modified scheme for private pension funds also unveiled by ministers, helped restore confidence in the lira and shares. The currency has firmed to L972 against the D-Mark, while shares made further modest gains yesterday after steep climbs on Thursday.

The revised privatisation proposals, to be put to parliament next week, are an amplification of previous policy rather than a totally new strategy.

The highest change is the commitment to sell most of the Eni energy and chemicals group. Previously the government had focused on the flotation of some subsidiaries, while the future of the parent company remained unclear.

Other innovations include a pledge to sell Enel, the electricity generating authority, possibly next year, and to reduce the state's role in the fragmented telecommunications sector.

Last week a cabinet committee called for the creation of a single telecoms utility by 1994-1995. The government has now confirmed earlier hints that simplifying the telecoms structure will be the prelude to cutting the state's stake.

The draft timetable is extremely ambitious, with many deals scheduled before year-end. However, ministers recognised possible delays by talking in terms of when companies would be "ready for the market", rather than sold.

Apart from sending a political signal to the electorate and the financial markets that Mr Amato is still in control, the decision to speed sell-offs may also have been influenced by international competition. The new government in France and Chancellor Kohl's coalition in Germany are expected to produce substantial privatisation packages soon.

International investors are expected to play a big part in the sell-offs, as liquidity on the Milan stock market is limited. Foreign multinationals may be the only buyers for some of the smaller or more specialised assets.

A single bank will be appointed to mastermind each privatisation, although other banks will conduct valuations and additional advisory work. However, the sale of public-sector monopolies such as telecommunications or electricity still needs considerable preparation. Tariffs will have to be liberalised and the government intends to create a number of watchdog "authorities" to supervise pricing and services.

Later, privatisation may even be extended into such areas as the postal service, which is to be transformed into a joint stock company.

German airmen set for Bosnia role

By Judy Dempsey in Berlin

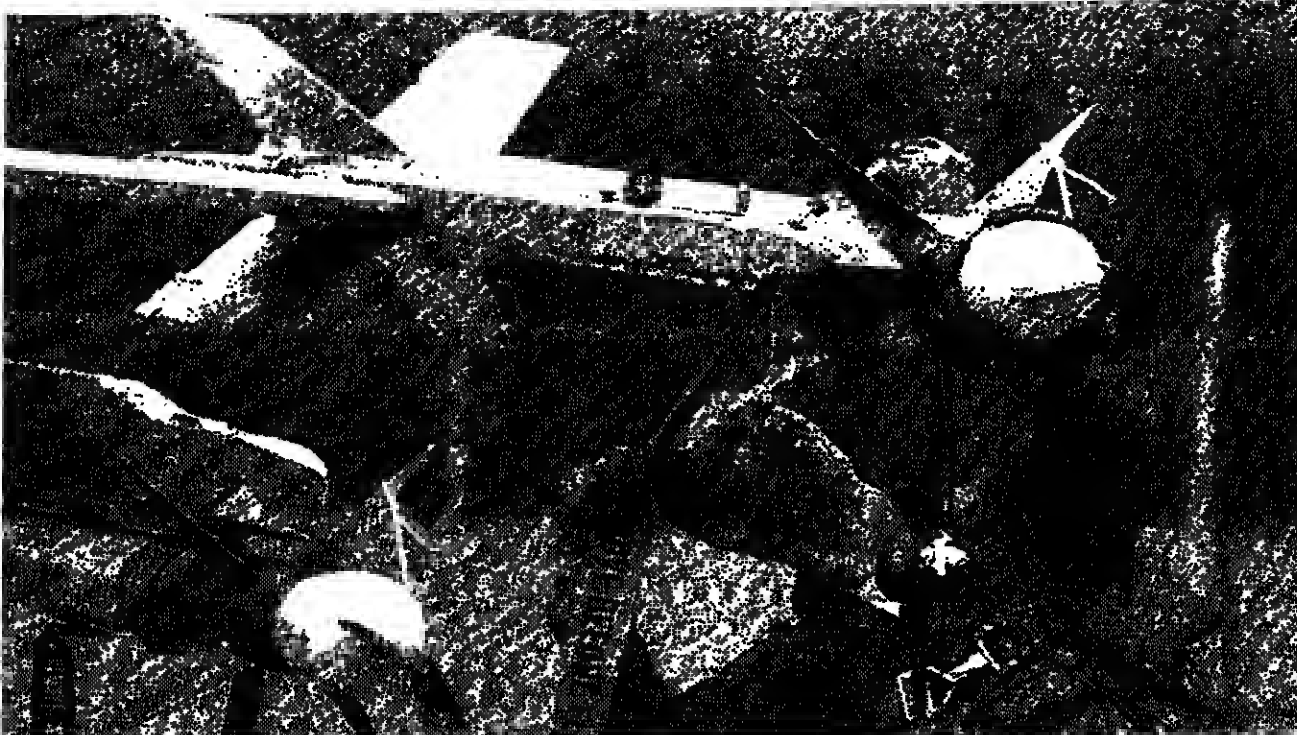
GERMAN air force crews were yesterday preparing to join their Nato allies in enforcing the no-fly zone over Bosnia, following a decision by Germany's constitutional court to clear their involvement in military operations outside the Nato area.

The court's decision, immediately welcomed by Mr Manfred Wörner, the Nato secretary-general, ends for the moment a dispute in the coalition government about the legality of allowing German troops to serve outside Nato.

Chancellor Helmut Kohl's Christian Democratic Union had insisted that the constitution did not prevent Germans serving in combat roles outside Nato. But the liberal Free Democrats, junior coalition partner, which politically supports the CDU in deploying German troops outside Nato territory, wanted the constitutional court to decide whether that deployment would be legal.

Article 24 of the constitution allows German troops to fight alongside Nato allies. But until recently successive governments had interpreted the section to mean German troops were to be confined to combat within the Nato area.

Instead of tackling the constitutional issue head-on, the court, in what amounts to a temporary ruling, said Ger-



A Dutch air force pilot checks the missiles of his F-16 fighter before leaving to join the enforcers of the no-fly zone over Bosnia

many's credibility as a reliable partner in Nato, and its international standing, would be undermined if Germans were withdrawn from the Awacs reconnaissance operations. The issue of whether it would require a constitutional

amendment to deploy German troops in combat outside Nato territory in other circumstances has been postponed. Mr Klaus Kinkel, foreign minister and a Free Democrat, said "our soldiers have clear legal backing and that's the

decisive point." But the reputation of the Free Democrats has been damaged by the affair. Its decision to refer the issue to the constitutional court had virtually paralysed the government and provoked widespread criticism about Germany's

inability to play a responsible role in the post-Cold War era. The opposition Social Democratic party, which has its own internal divisions on Germany's military role outside the Nato area, said it would challenge the court's decision.

Russia warns on new Serbia sanctions

By Our Foreign Staff

PRESIDENT Boris Yeltsin's special envoy to the former Yugoslavia warned yesterday that tighter sanctions on Serbia and Montenegro would be counter-productive.

A draft resolution on sanctions is due to be debated by the United Nations Security Council on Monday. It is aimed at stopping and checking all traffic along the river Danube, closing several border crossings between Serbia and its neighbours, banning all shipping in Yugoslavia's territorial waters, and seizing what

remains of the country's assets abroad. Mr Vitaly Churkin, a Russian deputy foreign minister, said any new sanctions, intended as pressure by the international community to force the Bosnian Serbs to sign the peace plan drawn up by Mr Cyrus Vance and Lord Owen, would instead have the opposite effect.

"This would be an untimely and harmful step," he said, after holding talks with Slobodan Milosevic, the president of Serbia, Mr Dobrica Cosic, president of the rump Yugoslavia, and Mr Radovan Karadzic, head of the Bosnian Serbs. Mr Churkin added that the conflict in Bosnia "would escalate",

implying that the Bosnian Serbs were determined to continue fighting, regardless of international pressure.

However, Mr Nikola Koljetic, a senior Bosnian Serb leader, said new proposals made by Mr Churkin would be acceptable to the Bosnian Serbs. He said the Russian plan envisaged amending the shape of the Bosnian map drawn up by the international peace negotiators.

The map, accepted by Bosnia's Croats and Muslims, entails dividing the republic into ten autonomous provinces, largely on ethnic lines. But the Bosnian Serbs have steadfastly refused to accept the boundaries because it does

not give them full control of eastern Bosnia, a crucial bridge for linking Serb-held territories in south-west Croatia with Serbia proper.

It is not certain if the US, Britain and France will try to push through sanctions without Russian support. The US, in particular, is anxious to keep Russia on side until after the referendum on April 25, when Russians will decide how the country should be ruled. That was one reason why Washington and London agreed to accept Russia's proposals for restricting the scope of the UN no-fly zone over Bosnia, enforcement of which begins on Monday.

Warrant triggers a war of words

By Haig Simonian

RELATIONS between Fiat, the Italian vehicle manufacturer, and the Milan magistrates investigating alleged political corruption have deteriorated ahead of the expected return to Italy next week of Mr Giorgio Caruzzo, the company's chief operating officer.

Magistrates issued a warrant on Wednesday for the arrest of Mr Caruzzo, former managing director of Fiat's Iveco truck and bus subsidiary, who is in London. The move was in connection with alleged kickbacks on purchases of Iveco buses by the Milan municipality.

Mr Piercamillo Davigo, one of the magistrates conducting inquiries, said the problem of arrests of leading businessmen would be resolved "the day Fiat stops paying kickbacks or behaving in a way which allows them to be paid".

His comments were in response to a statement from Mr Caruzzo on Wednesday night that he had offered to testify before magistrates last week and had been turned down. "I can only think that, as has happened to a number of people recently, the Italian investigating authorities prefer to hear from persons after they have been arrested," he said.

The arrest and imprisonment of suspects has been criticised by some lawyers who claim indiscriminate prison spells have been used to extract con-

fessions and implicate individuals.

The Milan magistrates' tough response suggests there will be confrontation when Mr Caruzzo returns to Italy after Easter. In a statement from his Turin headquarters after the warrant was issued, Fiat said it was "preoccupied" by the affair.

Separately, Naples magistrates requesting parliamentary permission to investigate five prominent local politicians are believed to have identified Mr Antonio Cava, a leading Christian Democrat senator and former minister, as the central figure in alleged links with organised crime.

The allegations stem from leaked details of a 200-page document sent by magistrates to parliament outlining the allegations, which are based on testimony from a local boss of the Camorra criminal organisation who is now co-operating with the authorities.

Mr Claudio Moreno, the Italian ambassador to Argentina, has been arrested on charges of involvement with corruption and kickbacks in Italy's aid programme to developing countries.

Mr Moreno is the third senior diplomat to be arrested by Rome magistrates following the earlier detentions of Mr Giuseppe Santoro, former head of the aid programme, and Mr Michele Martinez, ambassador to Indonesia.

Industrial sales drop as recession takes its toll

By Christopher Parkes in Frankfurt

GERMAN industry's sales in January tumbled 13.5 per cent, compared with the equivalent month last year, as recession and winter took their toll.

Total turnover in manufacturing and mining fell to DM141bn (£57.6bn) and numbers employed dropped by 8.5 per cent (or 723,000) to 7.8m, according to the federal statistics office. Export sales were 17.5 per cent lower than a year earlier, at DM35bn.

The extent of the fall underlines the sharpening industrial crisis, which last week led Daimler-Benz, Germany's biggest concern, to forecast a renewed profits fall this year of up to 30 per cent.

The contraction in Germany's industrial output during the month was accelerated by widespread short-time

working, especially in the automotive industry. Continuation of short-time in subsequent months is likely to have had a similar effect on production and turnover in February and March.

The continuing collapse in east Germany was highlighted by figures showing only 775,000 people at work in production industries during January, 20 per cent fewer than a year earlier. They generated total sales of a mere DM6.5bn, down 7 per cent. Export turnover fell almost 19 per cent to DM700m.

In the west, where industrial sales dropped 13.7 per cent, export turnover was down more than 17 per cent at DM34bn. There were sharp falls in all industrial sectors, the statistics office said. Numbers employed were down 409,000 or 5.5 per cent.

IG Metall hints at deal to avert strike in east

By Judy Dempsey in Berlin

IG Metall, Germany's engineering union, yesterday hinted it might accept a compromise with employers if it meant averting an all-out strike in eastern Germany. But Mr Franz Steinhilber, IG Metall's president, warned that all demands of the steel, metal and electrical employers' associations could not be met.

The employers have already recommended pay increases of 9 per cent this year for eastern Germany's steel, electrical and metal sectors. This is instead of rises of up to 26 per cent agreed in March 1991 under a contract that envisaged bringing east German wages up to west German levels by April 1994. The employers, invoking a revision clause, pulled out of that contract

last month on the grounds of deteriorating economic circumstances.

Mr Steinhilber, in a pre-recorded radio interview, said his union would be prepared to accept "a compromise which might hurt". Although he did not give details, he said eastern Germany would have "wage contracts with many companies but there will no longer be one broad wage contract". Some large companies in eastern Germany, notably Opel, are already outside IG Metall's wage structure.

Meanwhile, Mr Norbert Blum, the federal labour minister, who is increasingly concerned about the impact of a strike on unemployment levels in eastern Germany, has proposed introduction of a new wage system. He said wage increases could be linked to a profit-related pay scheme.

Russians pin hopes on their 'good tsar'

By Leyla Boulton in Moscow

AS HE LAUNCHES his fight to win a referendum just two weeks away, President Boris Yeltsin symbolises Russia's tragic dependence throughout the centuries on a "good tsar" to bring well-being to the people.

Three hundred years ago Peter the Great first launched the westernising reforms Mr Yeltsin is trying to carry forward. In post-communist Russia, Mr Yeltsin is widely seen as the guarantor of what little stability there is, as well as the basis for a strong executive needed to push through market reforms.

But the 62-year-old leader's performance at the height of

the crisis at the last Congress of People's Deputies session, when he appeared dishevelled and mixed up his words, was a reminder of the dangers of the country relying so heavily on one individual, as it has done so often in its history.

Ministers watched in embarrassed disbelief, deputies laughed, his arch-rival, Mr Ruslan Khasbulatov, the chairman of the parliament, smirked, and even impartial foreign observers wondered whether he was ill or inebriated.

In the campaign for the referendum that will ask Russians whether they trust him, Mr Yeltsin is telling the people that he is the only available defence against restoration

of communist dictatorship.

Mr Khasbulatov claimed yesterday that, on the contrary, Mr Yeltsin was trying to build a dictatorship because he had exhausted the legal basis for radical reforms.

Launching his own referendum campaign, Mr Khasbulatov called on local councils - the lower levels of legislative power in Russia - to mobilise support against an executive he described as a "collective Rasputin". The reference is to Grigory Rasputin, the monk whose influence on Tsar Nicholas II is cited as one of the reasons for the collapse of the monarchy and the 70 years of bolshevism which followed.

But despite siding with Mr Yeltsin, many supporters of radical reforms are upset by his confrontational style, saying he has driven the country into a needless all-or-nothing gamble.

"He is supposed to guarantee this (reform) process. I don't want him to put everything on the brink like this," says Mr Grigory Yavlinsky, the prominent economist who has already announced his intention to run for president when Mr Yeltsin steps down.

But Mr Yavlinsky, who argues that Mr Yeltsin could have mounted a less dangerous defence against parliament's attempts to cut his powers, draws some comfort from the fact that reformers like himself are preparing for the succession, as it were. "I want to

unite positive forces so that communists and nationalists do not take over."

Another presidential hopeful is said to be Mr Yuri Stetsko, fuel and energy minister, and former governor of the oil-producing Tyumen region.

For the moment, however, all eyes are focused on Mr Yeltsin, with reformers saying he is their best hope for keeping the country together and pursuing further reforms.

Economic reform, meanwhile, has taken a back seat to populist promises to win votes in the referendum. Mr Yeltsin last week decreed a doubling of wages for state employees, and yesterday reversed a doubling of petrol prices which has infuriated motorists.

Iraq fires on four American aircraft

IRAQI anti-aircraft guns yesterday fired on four US aircraft patrolling in the United Nations air exclusion zone over Kurdistan, writes George Graham from Washington.

Pentagon officials said the F-16 fighters had dropped bombs on the Iraqi anti-aircraft battery and returned to their base in Turkey without damage. The Iraqi news agency reported an Iraqi soldier was wounded.

Mr Richard Boucher, State Department spokesman, said the US remained committed to enforcing both the northern no-fly zone declared by the UN in 1992 to protect the Kurds from Iraqi hostilities and the smaller southern zone intended to protect the mainly Shi'ite marsh Arabs.

The clash is the first involving the US since the day of President Bill Clinton's inauguration on January 20, when US planes bombed an Iraqi radar considered to be threatening a French Mirage aircraft.

GM truck recall urged

US safety officials have recommended General Motors recall about 4.7m pickup trucks to fix an alleged problem with their petrol tanks, the Detroit News reported yesterday. The newspaper quoted unnamed sources as saying officials of the national highway safety administration made the recommendation on Thursday during a meeting with Transportation Secretary Federico Peña. Critics of the 1973-1987 model trucks claim they are prone to explode when hit from the side.

Poland's coalition government, led by Ms Hanna Suchocka, yesterday faced the prospect of a reshuffle and a possible shift to the left, following the resignation of Mr Gabriel Janowski, agriculture minister, Christopher Bobinski reports from Warsaw.

Mr Janowski resigned after the government brushed aside his ministry's recommendations on minimum grain price levels. He attacked his cabinet colleagues yesterday for failing to support his efforts to develop agriculture.

About 40 per cent of Poland's population lives or works in the countryside and the rural vote, which is split between three parties of the Mr Janowski's Porozumienie Ludowe (PL) is one, remains a key element in the country's electoral landscape.

Reuter added: Poland's secret service foiled a plot to kill President Lech Walesa, a spokeswoman for the service said yesterday.

Hungary in EC trade conflict

An outbreak of foot-and-mouth disease in cattle has led the EC to stifle into the first fit-for-trade conflict with its east European associated members, Nicholas Denton writes from Budapest.

The EC Commission this week imposed a one-month ban on imports of live animals, meat, milk and dairy products from eastern Europe. EC officials said the measure was aimed at preventing the spread of foot-and-mouth from the region.

Hungary, the country most affected by the EC move with forecast losses of up to \$50m (£33.1m), retaliated with its own prohibition on imports and transit of EC products.

Pragmatism tempers Balladur's grandiose plans

David Buchan on the policy 'reforms' outlined by France's new premier

AS A relatively self-effacing Frenchman sees his country as a model for Europe, not to say the world, to follow - and Prime Minister Edouard Balladur was not shy in making *l'exemple français* the theme of his new government's programme.

But in his policy speech to parliament on Thursday he wisely tempered his ambitions with a warning to the conservative majority sitting in front of him that his "reforms" might take five years to bear fruit, rather than the two years which may, in reality, be all he has.

In 1995 France will go through the upheaval of a presidential election, which may prompt new parliamentary poll and - depending on Mr Balladur's record - a new premier.

Mr Balladur himself gave more reason for prudence than pretension. He claimed France faces "its most serious economic and social situation" since it emerged from the second world war. This could be taken

as a politically convenient depreciation of the legacy left him by the Socialists, were it not for the premier's deep pessimism about any rapid improvement in unemployment.

Putting people back to work is the government's "absolute priority", he said. But he only allowed himself the hope that the jobless rate, 10.6 per cent in February, "which will continue to rise inexorably this year, should stabilise at the end of 1993, and start to fall thereafter".

This is despite Mr Balladur's plan to ease the welfare charges which fall on employers' payroll costs. Indeed, in tackling unemployment Mr Balladur suggested the world might be able to teach France something; his new advisory committee on unemployment will include foreign as well as French experts.

Yet, on the issue of immigration, France's new government clearly does not want any lecturing from outside.

Mr Balladur made clear that the 25,000 expulsions of illegal immigrants ordered every year by French courts would be carried out, and that the 100,000 people born of immigrant parents on French soil who every year acquire French nationality automatically on their 18th birthday would now have to affirm their interest in a French passport.

By being tougher on illegal immigrants the government believes it can be kinder to legal ones. But this week's violent racial incidents in Paris and Lille have cast fresh doubt on improvements in racial integration - an issue on which the French have never been slow to moralise to the rest of the world.

It is in foreign policy that the new French government's "exemplary" ambitions are most obvious. In his surprise initiative Mr Balladur called for a conference to settle the post-cold war conflicts which have broken out in Europe, in the way that the peace conferences of 1915, 1918-20 and 1945 brought other European wars to an end.

More seriously, Mr Balladur has now been as categorical as he possibly can be in endorsing the franc's present parity with the D-Mark. As the only way to move Europe forward to monetary union in the long term and France forward to resumed economic growth in the short term, maintenance of the link with the D-Mark was "a national objective", he said.

Such firmness, Mr Edmond Alphandery, the finance minister,

claimed yesterday, had already paid off in the 1.5 percentage point drop in money market rates since the conservative election victory. This may in turn lead the Bank of France to reduce its upper emergency lending rate, currently at 12 per cent, next week.

But because his economic policy depends crucially on Bundesbank interest rate cuts for its success, Mr Balladur issued a thinly veiled warning to Bonn that it, too, had to try to pursue a balanced budgetary and fiscal policy if France and Germany were to keep their economies and currencies together.

Mr Balladur evidently reckoned he was setting an example in confirming he would raise indirect taxes and cut an immediate FF20bn (£2.41bn)

off a budget deficit which he estimated would grow to FF230bn this year, or 3.4 per cent of national output. If allowed five years at the helm, Mr Balladur promised to get this down to 2.5 per cent by 1997. But the current size of the budget's deficit made Mr Balladur's side-swipe at the European Commission's "budgetary slacks" somewhat ironic.

In defence, where his Gaullist RPR party has for so long been dogmatic, Mr Balladur raised more questions than answers. At this stage he could only be clear that France would keep up its military guard (nuclear and conventional), that it would give itself the means to dispatch troops wherever they are needed in the armed forces, France would be "the driving force of a true European defence entity, set up in close co-operation with our American friends and allies". Clearly, France's rivalry with the US will henceforth be more commercial than military.

THE FINANCIAL TIMES
Published by The Financial Times
(Europe) GmbH, Niederwallstrasse 3,
6000 Frankfurt am Main 1, Germany.
Telephone 49 69 156 630. Fax 49 69
5964481. Telex 416193. Represented by
Edward Hugo, Managing Director,
Printer DVM Druck-Vertrieb und
Marketing GmbH, Admiral-Rosenfeld-
Strasse 3a, 6078 Neu-Isenburg 4,
Hessen, Germany. Shareholders of the
Financial Times (Europe) Ltd. are
SEI 911, UK. Shareholders of the
Financial Times (Europe) Ltd. are
London. Shareholders of the above
mentioned two companies are: The
Financial Times Limited, Number One
Southwark Bridge, London SE1 9HL.
The Company is incorporated under the
laws of England and Wales. Chairman:
D.C.M. Bell.
FRANCE
Publishing Director: J. Rolly, 108 Rue
de Rivoli, F-75004 Paris Cedex 01. Tel:
phone (01) 4297-0621. Fax: (01)
4297-0629. Printer: S.A. Nord Editeur,
1521 Rue de Calais, F-91010 Roissy.
Codex 1. Editor: Richard Lambert.
ISSN: ISSN 1148-2753. Commission
Parisian No 67808D.
FINLAND
Financial Times (Scandinavia) Ltd.,
Vimmlahti 42A, DK-1161 Copenhagen,
Denmark. Telephone 33 13 44 41. Fax 33
33 33 33.

مكتبة الجليل

Clinton administration still needs to cut another \$10bn of spending

Battle to meet Congress limits

By George Graham
in Washington

THE CLINTON administration faces a fight to cut another \$10bn (\$6.5bn) of spending and raise a further \$10bn in taxes in order to squeeze its budget for next year inside limits set by Congress.

The administration published details of its \$1,517bn budget for the 1994 fiscal year on Thursday but, in a reversal of the usual process, Congress has already passed a budget resolution setting totals for revenues and for broad categories of spending on the basis of the outline economic plan President Bill Clinton presented in February.

Mr Clinton's detailed budget stays largely within those outlines: spending shifts away from defence and government subsidies towards infrastructure investment, civilian technology, training and education, while higher taxes on companies, richer individuals and energy help to rein in the deficit.

This plan backs away at the deficit as a share of the economy, cutting it by nearly one half from 5.2 per cent of gross domestic product in fiscal 1993 to 2.8 per cent in fiscal 1997, said Mr Leon Panetta, budget director.

However, some of the totals have been adjusted slightly since February to correct

errors during, in Treasury Secretary Lloyd Bentsen's words, "those midnight sessions as you're running the computers."

The administration's budget foresees spending dropping from \$1,533bn this year to \$1,517bn in fiscal 1994, which will begin on October 1, and then climbing to \$1,820bn in 1998. Revenues are to rise from \$1,251bn in 1994 to \$1,530.5bn in 1998.

This would allow the deficit to fall to \$214bn in 1997 before starting to rise again to \$250bn in 1998.

The budget resolution passed by Congress, however, cuts spending by another \$44bn over the five-year period to

reach \$1,801bn in 1998, while increasing revenues by another \$27bn. It would trim the deficit to \$193bn in 1997 and \$202bn in 1998.

Mr Panetta says the combination of the Clinton budget and Congress's adjustments will reduce the deficit by a total of \$51.4bn over five years, compared with the levels it would have reached if no action were taken.

The programme will raise about \$325bn in new taxes over five years, mostly from lifting the top personal income tax rates from 31 per cent to 36 per cent for single taxpayers with a taxable income above \$115,000 and to 46 per cent for incomes above \$250,000. The

corporate income tax rate would also rise to 36 per cent for companies with taxable income above \$10m.

A new energy tax will be levied at a rate of 25.7 cents per million British thermal units on most forms of energy, or 59.9 cents per million BTUs on oil products. Most renewable fuels, including ethanol, will be exempt, and home heating oil will be taxed only at the basic 25.7 cent rate.

Spending will rise on programmes such as roadbuilding, Head Start classes for pre-school children and government research in civilian technologies such as aeronautics, magnetic levitation trains and materials science.

UNITED NATIONS

Arrears to be paid off

THE US plans to pay off \$98m (\$84.9m) of its arrears with the United Nations next year, with another \$163m in 1995, to complete its dues to the international organisation, writes George Graham.

The Clinton administration budget also proposes \$620m for UN peacekeeping operations in 1994, including \$22m to pay off US arrears and a \$175m reserve for unanticipated needs. Another \$293m is allocated to pay for the peacekeeping force in Mozambique, already deployed but not anticipated in last year's US budget. Including money set aside in the defence budget, peacekeeping accounts for more than \$1bn in the overall fiscal 1994 budget.

Aid for Russia and other states of the former Soviet Union is increased to \$704m from \$393m this year - although the package President Bill Clinton announced in Vancouver last week included \$1.6bn of money previously allocated but not spent.

The bulk of the aid budget continues to go to Israel (\$3bn) and Egypt (\$2.1bn).

The administration also proposes to pay the first of the three \$1.25bn instalments it has pledged for the 10th replenishment of the International Development Association, a World Bank offshoot which provides loans at concessional rates to the poorest developing countries.



A weary Lloyd Bentsen, Treasury secretary, during a White House briefing to discuss the fiscal 1994 federal budget

RISKS IN ECONOMIC RECOVERY

Rising trade deficit could cause friction

By Michael Prowse
in Washington

ECONOMIC recovery will result in a significant deterioration of the US merchandise trade deficit, perhaps to a shortfall of as much as \$140bn (\$92.5bn) next year, according to White House economic projections.

A trade deficit of \$140bn in fiscal 1994 would be the largest since the record shortfall of \$150bn in 1987 at the height of the "Reagan boom". The deficit was \$84bn last year, after hitting a recession-induced low of

\$65bn in calendar 1991.

A rise in the US trade deficit could lead to increased trade friction, especially with Japan, which ran a bilateral surplus of \$50bn with the US last year.

The expected deterioration in the deficit (projected to fall in a range of \$110bn-\$140bn in fiscal 1994) reflects White House projections of economic growth of 3.1 per cent this year, rising to 3.5 per cent next year - a much faster rate of expansion than envisaged in Europe or Japan.

The domestic counterpart to the widening trade deficit is a more rapid increase in domestic savings, reflecting planned new incentives for business capital formation.

The administration is projecting net private investment next fiscal year of \$190bn-\$220bn compared with \$102bn in fiscal 1992.

Economic growth is expected to slow to 2.7 per cent in 1995 and then stabilise at 2.5 per cent a year from 1996 to 1998. Unemployment is expected to

fall steadily to 5.5 per cent in 1998. Inflation is projected to remain at or close to 3 per cent through the next five years.

Officials stressed that the "baseline" budget deficit projections were based on the Congressional Budget Office's more conservative economic forecast. This projects growth rising to a peak of 3 per cent next year and then declining to 1.8 per cent by 1998, with inflation declining to 2.2 per cent, significantly lower than in the administration's forecast.

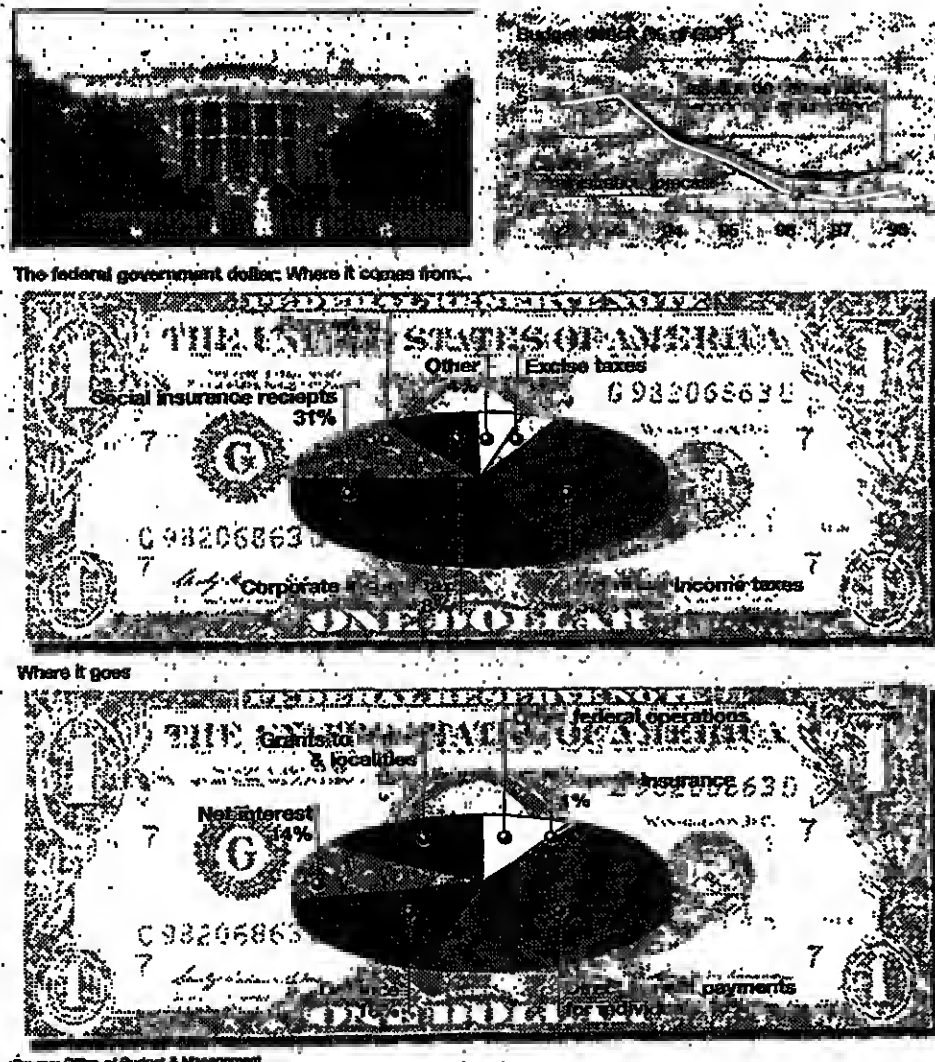
While projecting steady

growth, White House economists still worry about the "fragility" of the economic recovery.

Ms Laura Tyson, head of the Council of Economic Advisers, said pressures on the economy included declining consumer confidence, a fall in payroll employment last month and weak demand overseas.

The economy was operating 4 per cent below its potential level of output and unemployment, at 7 per cent, remained higher than at the end of the recession nearly two years ago.

Clinton's Budget



AGRICULTURE

Subsidies provide fertile ground for budget savings

By Nancy Durne
in Washington

THE 1994 US agriculture budget reduces programmes by 5.8 per cent below last year's level but still leaves \$63bn (\$41.7bn) with which to manage the nation's food supply.

Farm subsidies, \$17bn in this year's budget, are supposed to shrink to \$12bn in 1994 if the weather, the Russians and the competition co-operate.

The Agriculture Department plans to limit payments to farmers who earn less than

\$100,000 in off-farm income; this is expected to save \$75m this year and \$470m in 1994-97. This assumes that farmers who have a record of creativity in avoiding payment limits - play along.

The administration also proposes to save \$12m this year by cutting honey subsidies and \$10m by limiting wool and mohair incentives. Another \$52.3m will be deleted from the 1994 market promotion programme, which provides assistance to trade organisations and private companies in over-

seas promotional activities. After 1995 the administration expects even larger savings by expanding from 15 to 25 per cent the acreage which will be ineligible for subsidies.

While increasing payments for food stamps and other programmes for the poor, the Agriculture Department expects to save further through agency consolidations, charging user fees, reforming the crop insurance programme, and reducing the statistical output of the Economic Research Service.

ENVIRONMENT

Spending on land cut

ENVIRONMENTALISTS who hoped President Bill Clinton would keep his pledge to buy more land for the nation's parks will be disappointed by the budget, writes Lisa Branstetter in Washington.

Spending on land acquisition will fall to \$77.6m (\$51.3m) from the \$117.9m allocated in 1993. Overall, however, the Interior Department budget increases by more than \$500m to \$9.5bn.

Mr Bruce Babbitt, interior secretary, said his department opted to maintain and improve existing national parks rather than acquire new land. He

hopes to continue increasing land held by national parks through land swaps with other Interior Department bureaus.

The department aims to press ahead with plans to raise fees for grazing livestock and mining hard rock minerals on federal land, although Mr Clinton bowed to congressional pressure and took them out of the budget itself.

Mr Babbitt said he had the administrative authority to increase grazing fees and planned to press Congress to increase mining fees by at least 8 per cent.

TRANSPORTATION

Lift for mass transit

TRANSPORT spending will jump by 10 per cent next year if Mr Federico Peña, transportation secretary, wins Congress's support for his \$40.2bn (\$28.6bn) budget request, writes George Graham.

Although more than half the transport budget will still go to roads and bridges, the administration's budget provides \$4.6bn next year for mass transit - 50 per cent more than the Bush administration requested last year and 21 per cent higher than the even more generous allocation provided by Congress. Much of the money will go towards new metro

trains and safer, cleaner buses.

"The past administration had an anti-transit bias. Our administration has a pro-transit bias," Mr Peña said.

High-speed rail technology and tracks, including development of a prototype magnetic levitation train, are to get \$1.3bn over five years, starting with \$140m in 1994.

The administration proposes to extend a 2.5 cents per gallon supplemental petrol tax, currently earmarked for deficit reduction, until 1999 and shift 2 cents of it back to highway construction and ½ cent to transit.

NASA

Savings to hit manned missions

By George Graham

THE US National Aeronautics and Space Administration has trimmed its five-year spending plan by more than \$15bn, to \$80.4bn (\$53.2bn), in a budget that shifts the focus from manned space flight towards development of advanced technology for civilian use.

"It simply was not feasible for us to continue spending at the rate we were and not delivering what we had to deliver," said Mr Daniel Goldin, Nasa's administrator.

Nasa's \$15.3bn 1994 budget request kills the National Launch System, a controversial plan to create a new rocket that Mr Goldin said might cost \$10bn yet only permit the US to catch up with, and not leapfrog, foreign competitors such as the European Ariane.

It also kills the Space Exploration Initiative, a long-term plan to send humans back to the moon and to Mars.

The cancellations, along with changes in programmes such as the Cassini probe to Saturn and the Earth Observation System, are expected to save more than \$6bn in 1994-98. Space shuttle funding will be cut by \$3.4bn over the same period.

The biggest savings will come from the space station programme: exact cuts will depend on the outcome of a fundamental redesign now under way, but could halve the station's five-year cost to about \$7.1bn.

Spending on aeronautics research, however, will be increased, with more money going to development of a supersonic civilian aircraft. Nasa believes there could be a market for 500-1,000 of the craft by the turn of the century. There will also be increased funding of technology for subsonic long-haul aircraft and for a hypersonic vehicle that could be ready to replace the shuttle by the year 2005.

SUN ALLIANCE

RESULTS FOR 1992

The audited Group results for 1992 are as follows:

	1992 £m	1991 £m
Premium income -		
General insurance	3,128.0	2,677.9
Long-term insurance	1,302.4	1,017.7
	4,430.4	3,695.6
General insurance underwriting result	(547.6)	(833.5)
Long-term insurance profits	62.0	54.3
Investment and other income	356.0	313.0
Profit (loss) before taxation	(129.6)	(466.2)
Taxation	(12.1)	(2.7)
Profit (loss) after taxation	(117.5)	(463.5)
Minority interests	11.2	8.2
Profit (loss) attributable to shareholders	(128.7)	(471.7)
Dividend	114.6	113.9
Retained profits transfer	(243.3)	(585.6)
Earnings (loss) per share	(16.1p)	(59.2p)
Dividend per share	14.25p	14.25p

TERRITORIAL ANALYSIS OF GENERAL INSURANCE RESULTS

	1992		1991	
	Premium income £m	Under- writing result £m	Premium income £m	Under- writing result £m
United Kingdom	1,833.4	(438.4)	1,667.1	(713.0)
Europe	534.4	(61.0)	445.8	(78.2)
U.S.A.	334.3	(10.4)	249.1	0.8
Canada	70.5	(14.1)	68.2	(18.7)
Australia	166.8	(8.1)	108.7	(12.3)
Other overseas	188.6	(15.6)	139.0	(12.1)
	3,128.0	(547.6)	2,677.9	(833.5)

SHAREHOLDERS' FUNDS

The Group's net assets amounted to £1,548m at 31st December, 1992 (1991: £1,684m), excluding the value of long-term business. The solvency margin including minority interests was 54% (1991: 69%).

DIVIDEND

The Directors recommend a final dividend of 9.0p per share (1991: 9.0p) making a total dividend for the year of 14.25p per share (1991: 14.25p). The dividend, costing £72.4m (1991: £72.0m), will be paid on 1st July, 1993 to shareholders on the register at close of business on 20th April, 1993. The scrip dividend alternative will again be offered.

The above statement is a summary of the year's results. The full audited Report and Accounts will be posted to shareholders on 26th April, 1993 and delivered to the Registrar of Companies after the Annual General Meeting, which will be on 19th May, 1993.

8th April, 1993

Sun Alliance Group plc

Head Office: 1 Bartholomew Lane London EC2N 2AB

NEWS: INTERNATIONAL

A deceptive blossoming arouses many doubts

Robert Thomson takes the temperature of the Japanese economy amid first worries about overheating

THE DELICATE petals of Tokyo's cherry blossom trees are fluttering to ground after a beautiful but brief existence, inspiring the annual batch of Japanese poetry about human frailty, and prompting comparisons to the perceived flowering of Japan's "economic recovery".

Finance ministry officials may be in the final days of negotiation with other ministries on another emergency package to stimulate growth, but Mr Hajime Funada, director-general of the economic planning agency, warned this week that an already revived economy is in danger of "overheating".

He may be referring to the renewed vigour at the Tokyo Stock Exchange, where the Nikkei market average again momentarily crossed the 20,000 line yesterday, or the strengthening of the yen, whose erratic movements are partly founded on the interpretation that the worst is over in Japan.

Debate over the arrival - or not - of the recovery has complicated the negotiations on the stimulatory package, due on Tuesday and now estimated to total ¥12,000bn (£70bn).

A finance ministry official involved in the preparations said: "We want to make sure the recovery is a firm one",

though he conceded, "we don't know whether recovery will be L-shaped or U-shaped".

However, close scrutiny of economic indicators, other than the stock market index, suggests that the spring recovery could be as fleeting as the cherry blossom, which survives on the tree for about two and half weeks.

Mr Yasushi Mieno, the Bank of Japan governor, remains concerned by "weak final demand", meaning personal consumption and corporate capital investment.

Bank officials also fear that premature talk of recovery will tempt troubled companies to avoid the painful reforms needed to improve core profitability.

Companies do appear to be gaining confidence. Mitsubishi Corporation, the trading house at the centre of the Mitsubishi group, said yesterday that it has begun reviewing gloomy forecasts.

NEC, the electronics company, said bottom was apparently touched in November or December, and "things are picking up".

Sifting through the indicators, companies were encouraged by a 1.5 per cent year-on-year increase in new car sales in March, after 14 consecutive months of decline. Housing

starts rose 6.3 per cent in February, after an increase of 0.9 per cent in January.

Another sign of revival was a slim 0.2 per cent expansion of money supply in February, after a contraction of 0.3 per cent in the previous month.

But these positive figures are more than matched by indicators which suggest that a recovery may not come until next year, and bring only a modest increase in sales, not a return to the dizzy heights of the late 1980s, for which some ambitious manufacturers are still geared.

The car sales figures were an improvement, but also reflected a rush of new model releases by Japanese makers. Housing starts by owner-occupiers are gathering momentum, but the rental market is very weak and the overall private construction market is frail.

Orders received by the 57 largest contractors were down 36.3 per cent in February, against a year earlier.

Public sector construction orders will be spurred by the government package, but the public market is about a third the size of the private construction market.

Land prices are still falling, office rents were down by 30 to 40 per cent last year in some Tokyo districts, and banks, weighed down by bad loans, are unwilling to lend to developers.

The "final demand" problem, identified by Mr Mieno and discussed this week at a meeting of the Bank of Japan's regional branch managers, is far from solved. Consumers seem not to share the stock market's confidence, as department store sales were down 6.1 per cent in February while smaller retailers reported a 5.4 drop in their sales.

Consumer wariness has come with concerns about job security and salary levels. Overtime is falling, and the Japanese workforce shrank by 0.4 per cent in February, the first decline in seven years.

The most obvious victims of cost-cutting are women, as the number working fell by 410,000 or 1.6 per cent over the year.

These patterns are not reflected in the core unemployment figure, steady at 2.3 per cent in February, after edging to 2.4 per cent in December. But there is evidence of change in the jobs-to-applicants ratio, which stood at 0.91 in February, meaning that seekers outnumbered vacancies. In September, the ratio was 1.01 - that is, slightly more jobs than applicants.

Corporate Japan may sense that a recovery has begun, but cost-cutting plans remain in place and will continue to dampen demand.

A survey by Long-term Credit Bank of Japan found that listed companies intend to cut capital spending by an average 4 per cent this fiscal year, following a 3.9 per cent decline in the year just ended.

Instead of drawing attention to an imminent recovery,

LTCB noted, "virtually all industries are trimming their investments" and "many industries that have been slow to adjust to economic changes will finally begin cutting their investments in earnest". Sumitomo Metal Mining, a member of the Sumitomo group, announced yesterday that capital spending will fall 45 per cent this year.

Companies are still digesting capacity added during the late 1980s, when machinery orders from manufacturers rose 13.5 per cent. Last year, orders from the same sector fell 18.6 per cent, and another 14.9 per cent fall was reported in January.

The electronics sector still appears to have over-capacity of 30-40 per cent, and depreciation charges on recently added facilities are continuing to rise.

The mixed statistical signals have put extra pressure on the finance ministry to design a new package that stimulates final demand, and assists small and medium-sized companies, and not just the construction industry.

Ministry officials concede that smaller companies are facing a "credit crunch" because of banks' reluctance to lend, stimulating demand for funds from government-affiliated institutions.

N Korean leader names son to head military

By John Burton in Seoul

MR Kim Jong-il, the son and designated successor of North Korean President Kim Il-sung, yesterday obtained virtual control over the country's armed forces when he was appointed chairman of the national defence committee.

This is considered a key step in Mr Kim's assumption of power from his father, who will be 81 on April 15. The transfer of power will be completed once the 51-year-old Mr Kim has become president of North Korea and general secretary of the Korean Workers' Party, the two main posts now

held by his father, who has ruled the country since 1945.

The naming of Mr Kim to the highest military post comes amid speculation that he faces opposition from hard-liners within the 1.1m-strong armed forces.

South Korean officials believe Mr Kim decided to withdraw North Korea from the nuclear non-proliferation treaty last month and declare a temporary state of "semi-war" in a bid to assert his authority over the military and win its support.

"He needed to prove that he was an able and tough leader," Mr Han Sung-joo, South Korean foreign minister, said recently.

Analysts in Seoul believe that the northern military may be opposed to Mr Kim's succession because it fears its influence will be reduced once he achieves full power.

Mr Kim lacks a military background, unlike his father, who was a guerrilla leader against the Japanese in Manchuria in the 1930s and 1940s. The elder Mr Kim and his military colleagues formed the nucleus of power in North Korea after 1945. Many of the younger Mr Kim's aides, however, are technocrats believed to favour limited reforms, such as opening the country to foreign investment. The North Korean parliament this week approved new and more liberal foreign investment laws modelled on Chinese practices.

Mr Kim has concentrated on building ties with the military during the last few years. He was appointed first vice-chairman of the national defence committee in 1990, supreme commander of the armed forces in 1991 and a marshal last April.

Some South Korean analysts claim that his assumption of full control over the military may make him feel more secure and persuade him to reverse North Korea's withdrawal from the non-proliferation treaty. They note that the two Koreas suddenly signed a non-nuclear pact a week after Mr Kim had become supreme commander in December 1991.



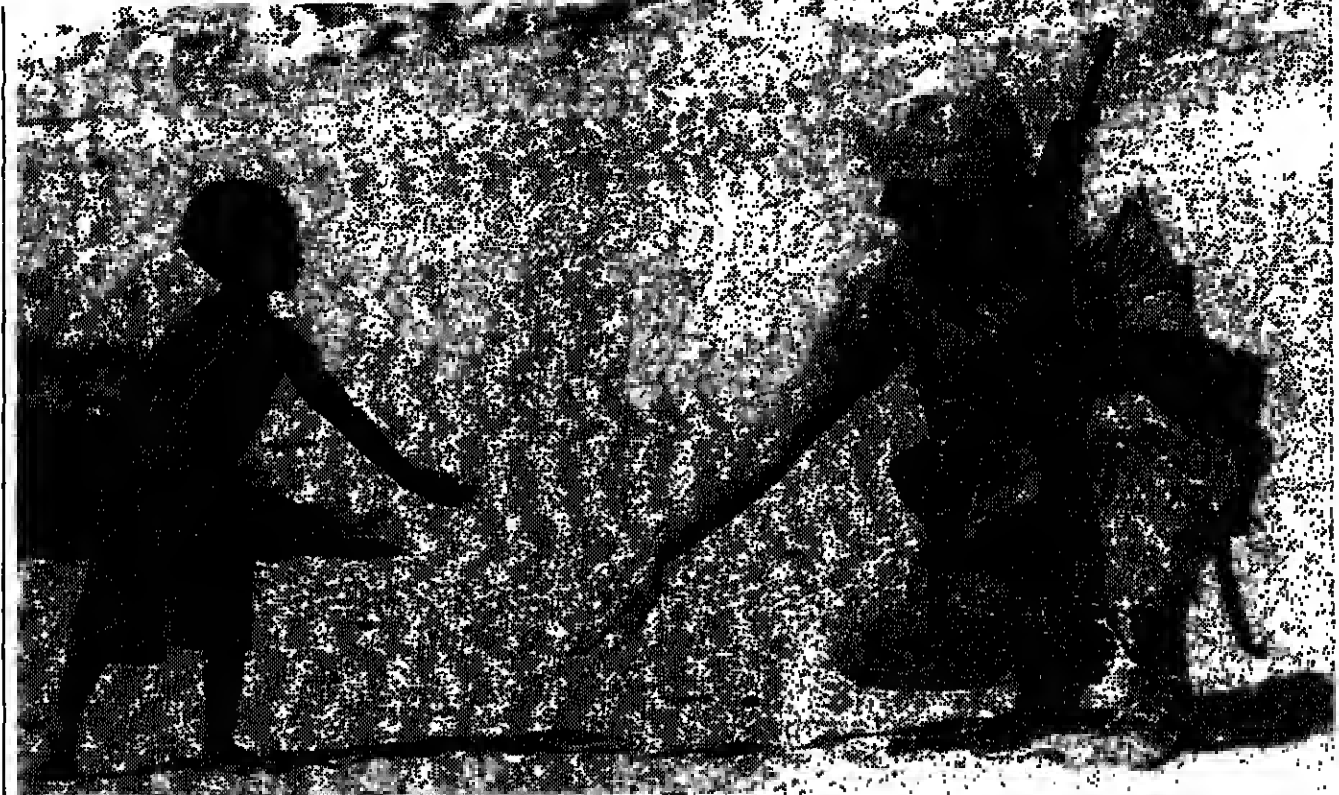
SON RISING: Kim Il-sung (left in hat) and Kim Jong-il

Protests against India PM

THOUSANDS of angry Muslims took to the streets of Dhaka yesterday to protest against the attendance of Mr P V Narasimha Rao, Indian prime minister, at a South Asian summit, witnesses said. Renter reports from Dhaka.

"Rao, cancel your visit; shame that you are coming here," the protesters chanted, before being forced to flee by riot police, one eye-witness in the Bangladesh capital said.

Mr Rao was due to arrive in Dhaka today, hours before the eighth summit of the South Asian Association for Regional Co-operation (SAARC) is to begin in Dhaka.



AN American soldier and a Somali boy reached out towards each other at Kismayu in Somalia while Adm Jonathon Howe, a UN special envoy in Somalia, was launching there yesterday a new effort to find the assassin of a British aid worker murdered in the town. He appealed to clan elders to help the UN find who killed Mr Sean Devereux of the UN Children's Fund in January.

Charge in India for Union Carbide

By Stefan Wagstyl in New Delhi

THE INDIAN subsidiary of Union Carbide, the US chemicals group, has been charged with manslaughter, in much-delayed legal action arising from the 1984 Bhopal gas explosion.

Mr Keshub Mahindra, subsidiary chairman and a top Indian industrialist, and seven other past or present Union Carbide India employees, were also charged on Thursday.

Charges have also been filed against the US parent company, Union Carbide (Eastern), the company's Hong Kong operation; and Mr Warren Anderson, who was the parent company chairman at the time of the explosion at the company's pesticide factory in Bhopal, central India.

However, neither the parent company, nor the Hong Kong operation, nor Mr Anderson has appeared before Indian courts. All are being treated as absconders from Indian justice.

More than 3,800 people were killed when a cloud of toxic gas escaped from storage tanks at the Bhopal plant. Tens of thousands were injured in one of the world's worst industrial disasters.

About 40 people, including 11 soldiers, have been killed in the latest violence in India's troubled northern state of Kashmir. Six of the dead were soldiers killed when their Jeep was blown up on Thursday.

Violence in Kashmir has been rising since 1989 as Kashmiri Muslims have been taking up arms in support of their political demands.

Peres would talk to Jerusalem Arabs

MR SHIMON Peres, Israeli foreign minister, said yesterday that he would not object to talking to Palestinians from east Jerusalem, AP reports from Jerusalem.

The US administration has proposed that Israel accept Mr Faisal Husseini, a prominent east Jerusalem Arab, as head of the Palestinian negotiating team in order to coax Palestinians back to negotiations, set to resume in Washington.

Mr Peres stressed on Israeli army radio that excluding Arab negotiators from Jerusalem was a policy of the previous, right-wing Likud government in Israel, which had argued that to talk with such people would mean conceding Israel's claim on the city.

Mr Peres added that he has "never ruled out Faisal Husseini." He said that, "on the

ground, Faisal Husseini heads the Palestinian team. The Americans are speaking with him. We are not deaf or blind."

Mr Husseini, who has close ties to the Palestine Liberation Organisation, has been denied a formal role in the talks because Israel objects to sitting down with Arabs from Jerusalem.

Reuter reports from Amman: Palestinian negotiators will meet US officials in Washington again before deciding whether to attend the next round of Middle East peace talks on April 20, the chief Palestinian delegate said yesterday.

"We will be leaving for Washington in mid-April for further discussions with the US administration on our requests," Mr Haldar Abdel-Shafi said.

Taiwan to press for UN membership

TAIWAN'S President Lee Teng-hui said yesterday that the island would mount a campaign to rejoin the United Nations, from which it was ousted by China in 1971, Reuter reports from Taipei.

"We will actively seek to join the United Nations. We hope the international community will seriously consider this issue within three years," he said in a speech at the opening

of a session of the National Assembly. "We will push to join more international organisations in order to contribute to the peace and prosperity of the world."

Taiwan has applied for membership of the General Agreement on Tariffs and Trade, and has said it wants to join several other multilateral economic organisations.

International pressure forced

Taiwan to give up its seat in the UN to China, which has claimed sovereignty over the island since the end of the Chinese civil war in 1949.

But Taiwan's opposition Democratic Progressive Party, which made strong gains in last December's elections, wants Taipei to re-apply for UN membership immediately and has staged demonstrations to press its demand.

The government imposed extra-tight security in the capital, with 6,000 soldiers and police on round-the-clock duty for the meeting of the leaders of Bangladesh, Bhutan, India, Pakistan, the Maldives, Nepal and Sri Lanka.

It also banned rallies, marches and any sort of protests during the summit.

Violence in India between Hindus and Muslims has twice forced the postponement of the summit because the Indian prime minister was reluctant to leave New Delhi.

Blood stains the peace of a nation eager to vote

Victor Mallet assesses the factional strife in Cambodia as the UN tries to protect electors looking forward to a poll next month

PEACE in Cambodia was supposed to be one of the dividends from the end of the Cold War, but neither the newfound goodwill among the superpowers nor the presence of 22,000 United Nations peace-keepers seems able to end Cambodia's gruesome conflict.

More than 100 people were known to have been killed throughout the country last month, many of them immigrant Vietnamese women and children massacred in a fishing village by suspected Khmer Rouge guerrillas. A week ago, three Bulgarian UN peace-keepers were murdered in cold blood by Khmer Rouge gunmen, after having the guerrillas to a friendly supper in their UN tent. On Thursday, a 25-year-old Japanese volunteer working as an electoral officer was killed in an ambush.

Tension is rising throughout the country. The US embassy in Bangkok said yesterday it had advised travellers not to go to Siem Reap,

the northern Cambodian town which is the site of the ancient Khmer temples of Angkor. Khmer Rouge guerrillas are active in the area.

The current violence is a far cry from the scene in Paris on October 23, 1991, when the various Cambodian factions, the five permanent members of the UN Security Council and other concerned countries ceremoniously signed a comprehensive peace agreement providing for a ceasefire and a UN-monitored election.

The accord was possible because, as the Soviet empire crumbled, the Soviet-backed Vietnamese had announced the withdrawal of their troops from Cambodia in 1989, and the US and China had nudged their guerrilla protégés - who had been fighting the Vietnamese occupation - towards the negotiating table.

All four principal Cambodian factions put their names to the agreement: the Phnom Penh administration, installed by the Vietnamese

after the invasion of 1978 which had overthrown the Khmer Rouge; the Khmer Rouge itself, the Chinese-backed extreme left organisation blamed for the deaths of 1m Cambodians during its reign of terror between 1975 and 1978; the royalist group Funcinpec; and the US-supported Khmer People's National Liberation Front.

Almost from the start, however, the agreement was flouted by the two factions with the only significant military forces in Cambodia - the Khmer Rouge and the Phnom Penh administration.

The ceasefire was ignored. Khmer Rouge leaders refused to allow UN forces into the swathes of territory they control along the border with Thailand, and they refused to disarm or demobilise their fighters in accordance with the agreement, thus forcing the other factions to keep their weapons as well.

Sensing the likelihood of a humiliating defeat at the polls, the Khmer Rouge has also condemned the elec-

tion and sought to strengthen its political influence by stoking the fires of Cambodian nationalism and launching a hate campaign against the hundreds of thousands of Vietnamese settlers in Cambodia.

Khmer Rouge officials try to justify their intransigence by claiming (with scant evidence) that thousands of Vietnamese troops are still in Cambodia and by saying (with some justification) that the UN, instead of treating the Phnom Penh administration as one of four equal factions, has let it retain too much control over government ministries.

The administration, meanwhile, has been intimidating voters in many districts with all the authority and guns at its disposal, and is suspected of murdering more than 20 Funcinpec campaign workers.

"Sometimes," wrote Mr Yasushi Akashi, head of the UN transitional authority in Cambodia, in a gloomy report to his staff last month, "the

behaviour of the Cambodian parties makes it seem as if only Untac is trying to carry out the Paris agreement, even though all of them signed it."

Untac is often blamed for not moving quickly or forcefully enough to implement the peace accord. In particular, its critics say, it should have established itself in Khmer Rouge zones from the start and taken firm control of government ministries in the capital.

In their defence, Untac officers say the success or failure of the peace plan depends not on the UN but on the willingness of the Cambodians to implement the agreement they signed in Paris. The accord clearly states that Untac's job on the military side is to "supervise, monitor and verify" the ceasefire - no mention of enforcement.

However helpful the superpowers may have been - and China's attitude remains ambivalent - neither Thailand, whose armed forces are overtly sympathetic to the Khmer

Rouge, nor Cambodia's leading politicians appear to have done enough to ensure the success of the peace plan.

Prince Sihanouk, the Cambodian "god-king" regarded as the one leader who can unite his country behind him, has spent much of the crucial past few months thousands of kilometres away in Beijing and issuing a confusing series of statements alternately praising and condemning Untac.

Mr Akashi and the UN, for want of any other plausible option, seem determined to press ahead with the voting from May 23-27, although Mr Akashi has painted himself into an embarrassing corner by saying often that conditions are not yet right for the free and fair election specified by the Paris agreement, when there is every sign that the violence is getting worse.

Even if the election proceeds as planned, it is possible that militarily weak parties, such as Funcinpec, will win large numbers of seats

in the new assembly, and that the well-armed government or the well-armed Khmer Rouge will therefore refuse to accept the result; indeed, the Khmer Rouge has already declared that it will reject the outcome.

The UN would then have to decide whether to change and strengthen Untac's mandate so that UN forces may support a new government, or turn and run and leave Cambodia's inhabitants to continue their civil war.

To abandon Cambodia could allow the Khmer Rouge ultimately to return to power in Phnom Penh, risking a return of the killing fields and a new confrontation on the border with Vietnam. It would also throw away such gains as have been won by the peace accord - a fragile start to economic growth, an enthusiasm for peace and democracy shown in the registration of 4.7m voters, and the nearly completed homecoming of some 370,000 refugees.

Roxburghe was monitored for several months

By Andrew Jack and David Owen

THE BANK of England closely monitored Roxburghe Bank for several months before it went into administration on Wednesday, it has emerged. The administrators appointed are now examining the operation of the business, including its unusually high volume of deposits from overseas and the uncertainty about the level of provisions required against bad loans.

The directors of Roxburghe, which was based in Mayfair in London, decided on Tuesday morning to apply to the High Court for an administration order under UK insolvency law.

Mr Keith Vaz, the Labour MP, said yesterday he would be seeking an urgent meeting with Mr Norman Lamont, the chancellor, when MPs return next week from the Easter recess.

Saying that five banks directly serving Britain's Asian community had now either been closed by the Bank of England or had voluntarily shut down, Mr Vaz said it would take "a great deal of explaining" to demonstrate that "all of this is just a coincidence".

Mr Vaz referred to last month's disclosure by the Bank of England that in 1991 it had launched financial lifeboats for a number of small- and medium-sized banks. The Bank needed to explain why it had adopted different criteria when dealing with institutions such as Roxburghe Bank, he said.

Mr Tony Lomas, one of the joint administrators from accountants Price Waterhouse, said Roxburghe needed to seek protection from its creditors because it would have been unable to meet demands for the increasing amount of withdrawals before the end of April.

He said there were also concerns about whether it had net liabilities, because it had £45m in assets at the end of February against £40m in liabilities plus the need to make further provisions of up to £5m.

NUT may boycott all school tests

By Gillian Tett

THE National Union of Teachers yesterday stepped up the political pressure on Mr John Patten, education secretary, to withdraw controversial school tests by announcing that it was considering boycotting all the school tests this summer.

The largest of the teaching unions said at the start of its annual conference in Brighton that its executive had agreed the union should vote today on whether to hold a ballot for a complete boycott.

If the NUT went ahead with such a boycott, it would present a serious challenge to Mr Patten's plans to hold school tests for 14-year-olds this summer in subjects such as English and technology and might affect plans for similar tests for seven- and 11-year-olds.

The second largest teaching union, the NASUWT, has already announced a boycott of the English tests for 14-year-olds.

The more moderate union, the ATL, announced at its conference this week that it would also ballot its members on a boycott in spite of Mr Patten's announcement that he was planning an urgent review of the national curriculum and the testing system.

Mr Doug McAvoy, NUT general secretary, indicated at a NUT briefing yesterday that he expected his members to support a ballot and a boycott.

"If they are not abandoned we will boycott all the tests and take whatever action is necessary to limit the excessive workload associated with the tests and the assessments," he said.

"If Mr Patten's review is to be meaningful there can be no educational reason for going ahead with the tests."

He warned that, if Mr Patten's review did not promise significant changes in the testing system for the following year the NUT would be likely to extend its boycott into 1994.

Rate cuts bring little benefit to north-west

By Ian Hamilton Fazey, Northern Correspondent

LOW INFLATION and reduced interest rates have had little or no direct impact on the majority of companies, according to a survey of business in north-west England by Latham, Crossley & Davis, a Manchester, Chorley and Wigan firm of accountants.

In a surprising result, 68 per cent said low inflation had brought no direct benefit, while 56 per cent said low base rates had been equally ineffective.

The survey was conducted in the second half of last month as part of a series begun last summer involving 700 businesses.

Companies said low inflation had helped maintain prices but had not made planning for investment any more certain. With business harder to find, companies said levels of interest rates were irrelevant because there were no extra orders to finance with borrowings.

Others also complained of poor returns on cash reserves because banks were paying even lower interest than they were charging borrowers. "Low base rates have been a two-edged sword," one said.

However, most business were in favour of lower inflation and borrowing costs because they were likely to make recovery more sustainable. They felt a consistent philosophy was apparent in the economy, favouring slow organic growth from which they would benefit indirectly.

An overwhelming 87 per cent were equally or more confident than a year ago about long-term prospects. Asked to rate confidence on a scale of one to 10, the average score was 6.25, the highest recorded so far, except for November, when respondents were hoping for a pre-Christmas consumer spending spree.

Mr Keith Sealey, managing partner of the accountancy firm, said: "An increasing number of businessmen are scoring their confidence as six, seven, or eight out of 10. At this stage of the economic cycle, belief that recovery in under way may be as important in improving confidence as a large increase in orders."

Old formula returns to Donington's circuit

By John Griffiths

LEICESTERSHIRE entrepreneur Mr Bernard "Tom" Wheatcroft, 70, is listening this weekend to music which, at times, he feared he would never hear.

It is the sound of an entire Formula One motor racing pack haying around Donington Park, the motor racing circuit near Leicester which he bought 22 years ago. Since then he has battled, until this year unsuccessfully, to stage a round of the grand prix world championship there.

Mr Wheatcroft, a tough, no-nonsense businessman whose fortune was founded on property development, is first to acknowledge that there is a strong commercial incentive to stage a grand prix.

There are expected to be 130,000 spectators at the track, each paying £55-£120 for the grand prix itself tomorrow; several thousand more have been camped out for the past two days of practice; and there are millions to be made from corporate hospitality and other trappings of motor racing.

But, for Mr Wheatcroft, the money really does rank a distant second.

He has difficulty expressing his satisfaction that grand prix cars are again racing at Donington, nearly 60 years after the echoes of its last grand prix - fought out between Mercedes and Auto-Union in 1938 -



Tom Wheatcroft: a 22-year dream to see a formula one motor racing pack on the race track he owns will realised this weekend

were drowned out by the onset of war. Mr Wheatcroft, a motor racing devotee from childhood, had cycled to the track to watch them.

Mr Wheatcroft has fought long and hard against the entrenched interests of the

rival circuit, Silverstone, and grand prix racing's organisers to achieve his goal. Five times in the past he has been promised a grand prix but it has slipped through his fingers.

In the mid-1980s, his campaign appeared to have failed

for good. The world governing body of motor sport decreed that there should be only one grand prix per country; and the idea of a "European" grand prix, which had allowed Brands Hatch to stage a race as well, was scrapped. His

sophistic attempt to stage an "Irish" grand prix in England also failed.

Now, Donington's grand prix, again entitled "European", results from the cancellation of the Asian grand prix scheduled for Japan.

Further EC complication for contracting out plans

By David Goodhart, Labour Editor

PUBLIC-SECTOR workers affected by contracting out may be able to refuse transfer to private-sector contractors and claim the substantial payments available under public-sector redundancy schemes, following a recent judgment at the European Court of Justice.

Many UK lawyers believe the judgment in *Katsikas v Konstantinidis* could add another complication to government contracting out plans dogged by the EC Transfer of Undertakings Regulations (Protection of Employment) - Tupe.

The Tupe regulations often require that public-sector workers' pay and jobs are secured when their undertak-

ings are transferred to the private sector. It has been believed, however, that where the regulations apply, the common law right to refuse to transfer to the new employer is superseded, with the effect that redundancy cannot be claimed from the old employer.

But Ms Melanie Tether, employment law specialist at solicitors Norton Rose in London, said: "The *Katsikas* case raises serious doubts about the legitimacy of this aspect of the regulations."

The case arose in the German courts when a restaurant business was sold. An employee refused to transfer to the new owner and claimed compensation from the old owner. German law, like UK law, allows an employee to

object to the transfer but the new owner argued this was incompatible with Tupe.

The European Court of Justice disagreed and said each member state could decide if employees should be given the option of resisting transfer. The UK government did not offer that option in the Tupe regulations. But, as it was thereby removing an old common law right, it may have been wrong under European law not to offer the option.

Mr John McMullen of solicitors Simpson Curtis in Leeds said: "The bombshell effect of this for companies is that they may be faced with a group of employees who refuse to transfer and are therefore entitled to claim termination payments."

Second fugitive arrested in Ireland

IRISH police yesterday arrested Mr Pearce McAuley, who is wanted in Britain in connection with conspiracy to murder and other terrorist crimes. Mr McAuley escaped from Brixton jail in south London two years ago.

His fellow fugitive, Mr Nesson Quinnivan, was detained by Irish detectives last Sunday after a raid on a farmhouse in Co Tipperary and later faced firearms charges in the anti-terrorist Special Criminal Court in Dublin.

Mr McAuley was detained at Dublin's Connolly station.

He was arrested by special branch officers under Ireland's Offences Against the State Act for questioning about the possession of a firearm and other offences.

Both men are wanted by Scotland Yard for the Brixton break-out and plots to kill Sir Charles Tibbatts, the former Whitehead brewery chairman, and to cause explosions in Britain.

Mr Quinnivan is due back in court after Easter. So far no formal attempt has been made for his extradition to Britain and the Irish authorities have made clear the charges against him in Dublin will have to take precedence.

The IRA yesterday released a video showing armed terrorists. The three-minute tape of masked men in battle dress was accompanied by a warning that Britain must choose between peace and what it described as "the inevitability of war".

OBITUARY

Sydney Burfoot

SYDNEY BURFOOT, for many years a member of the Financial Times' printing staff, has died at the age of 88.

Mr Burfoot, a popular figure with his colleagues, worked as a printer at the FT for 26 years, latterly as an overseer.

His career at the paper spanned the eras of hot-metal typesetting and computer output.

Mr Burfoot retired to the Isle of Wight, where he is survived by his wife Joyce.

Recovery in truck sales peters out

By John Griffiths

A TENTATIVE recovery in commercial vehicle sales in the final months of 1992 petered out in the first quarter of this year.

Statistics from the Society of Motor Manufacturers and Traders show that registrations of commercial vehicles last month were 11.75 per cent lower than in the same month a year ago.

The March figures are in stark contrast to those for registrations of new cars, which were up 11.68 per cent in March compared with the year-ago month.

In its role as an economic indicator, the vehicle market is thus sending conflicting signals to the government about the prospects for recovery.

The fact that sales of commercial vehicles - which are driven mainly by commercial and industrial activity - remain so badly depressed heightens suspicions that the car market recovery is being over-stated by dealers and manufacturers. They may be by registering cars for which there are, as yet, no final buyers in an effort to boost market shares and keep plants busy.

The 17,741 commercial vehicle sales in March, down from 20,103 a year ago, meant

that sales in the first quarter as a whole were 5.36 per cent lower than in the same quarter of 1992.

The receivership at Leyland Daf, which has been a substantial exporter to the Continent, and increasing imports of Vauxhall of light vans built in Portugal were among the factors in a sharp rise in imports.

They took a 42.21 per cent share of the market in March compared with 34.11 per cent in the year-ago period. In the first quarter they rose to 40.71 per cent compared with 35.37 per cent a year ago.

With the exception of small vans, mainly those derived from cars, all main sectors of the commercial vehicle market are running below the first quarter of last year.

Worst hit are panel van sales, which are down nearly 12 per cent, and heavy trucks - those over 15 tonnes - down by nearly 6 per cent. However, light van sales are up 3.85 per cent in the quarter.

Leyland Daf's problems have meant that Iveco group, controlled by Fiat of Italy and incorporating Ford's UK truck operations, is now the clear truck market leader. It had a share of 26.51 per cent for the quarter compared with 18.51 per cent for Leyland Daf, which has been demoted to third behind Mercedes-Benz.

UK COMMERCIAL VEHICLE REGISTRATIONS JANUARY-MARCH 1993

	Volume (Units)	Change (%)	Share (%) Jan-Mar 93	Share (%) Jan-Mar 92
Total Market*	50,244	-5.36	100.00	100.00
Imports	20,453	+8.92	40.71	35.37
Small vans (up to 1.8 tonnes)				
Total	17,205	+3.85	100.00	100.00
Imports	8,260	+78.25	38.38	21.18
Ford	7,963	+21.24	46.29	38.65
Vauxhall (GM)	5,939	+9.17	34.52	32.84
Peugeot (incl. Citroen)	1,014	-7.31	5.89	6.51
Renault	777	-1.27	4.52	4.75
Power (British Aerospace)	715	-49.90	4.16	8.63
Medium Vans (1.81-3.5 tonnes)				
Total	20,887	-11.66	100.00	100.00
Imports	8,204	-6.14	39.75	37.42
Ford	10,846	-0.46	52.57	46.65
Leyland Daf (Daf)	1,579	-58.70	7.55	16.61
Volkswagen	1,533	+2.13	7.43	6.42
Renault	1,262	-5.11	6.12	5.66
Peugeot (incl. Citroen & Talbot)	1,150	+6.38	5.57	4.83
Vauxhall (GM)	979	+2.30	4.74	4.10
Mercedes-Benz (Daimler-Benz)	822	-23.89	3.96	4.82
Nissan	712	-18.35	3.45	3.73
Trucks (over 3.5 tonnes)				
Total	7,821	-0.89	100.00	100.00
Imports	3,587	+11.67	45.98	40.78
Iveco group** (Fiat)	2,073	+6.25	26.51	24.24
Leyland Daf (Daf)	1,498	-22.19	19.51	23.56
Mercedes-Benz (Daimler-Benz)	1,474	+18.16	18.85	15.68
Volvo	854	-2.84	10.92	11.13
MAN	399	+24.69	5.10	4.47
Renault	272	-12.26	3.48	3.82
Of which Heavy Trucks (over 15 tonnes)				
Total	4,091	-5.86	100.00	100.00
Volvo	781	+3.12	19.02	17.36
Scania (Investor)	600	+10.50	15.00	12.78
Leyland Daf (Daf)	583	-34.27	14.57	20.87
Mercedes-Benz (Daimler-Benz)	580	+8.41	14.50	12.59
Iveco group** (Fiat)	526	-7.86	13.15	13.41
MAN	365	-17.23	9.12	10.38

*includes buses and light four wheel drive utility vehicles.
**includes Iveco Ford and Saddon divisions.
†Fiat and Volvo are linked through minority cross-shareholdings.
Source: Society of Motor Manufacturers and Traders and industry estimates.

FINANCIAL TIMES CONFERENCES

EUROPEAN SECURITIES MARKETS

- The Way Ahead

London, 10 & 11 May 1993

Europe's securities markets are breaking out of their narrow domestic confines. The deregulation of national market-places, the abolition of capital controls and the development of technology that by-passes rigid market structures, has brought increasing integration of debt and equity markets.

This process poses challenges for all intermediaries in the investment markets, whether broker-dealers, fund managers or stock exchanges. How will they be affected by these developments and how will they adapt?

The distinguished speakers who will discuss these and many other important issues include:

Mr Peter Baring
Barings plc

Mr Heinz-Jürgen Schäfer
Dresdner Bank AG

Mr Stanley D L Ross
Tradepoint Financial Networks plc

Mr René Karsenti
European Bank for Reconstruction and Development

Mr Michael J Payne
Legal & General Investments

Mr John Gilchrist
Cedel SA

Mr John Young CBE
Securities and Futures Authority

Mr Robert K Steel
Goldman Sachs International Ltd

Boudewyn F Baron van Ittersum
Amsterdam Stock Exchange

Mr R Ian Molson
Credit Suisse First Boston Limited

Mr Peter Cox
OM London Limited

Mr Patrick Gifford
Robert Fleming Holdings Ltd

OBITUARY

Sydney Burfoot

SYDNEY BURFOOT, for many years a member of the Financial Times' printing staff, has died at the age of 88.

Mr Burfoot, a popular figure with his colleagues, worked as a printer at the FT for 26 years, latterly as an overseer.

His career at the paper spanned the eras of hot-metal typesetting and computer output.

Mr Burfoot retired to the Isle of Wight, where he is survived by his wife Joyce.

EUROPEAN SECURITIES MARKETS

Financial Times Conference Organisation
102-108 Clerkenwell Road, London EC1M 5SA
Tel: 071-614 9770. Tlx: 27347 FTCONF G.
Fax: 071-673 3975/3969

Name Mr/Ms/Ms/Other _____
Position _____ Dept _____
Company/Organisation _____
Address _____
City _____ Country _____
Post Code _____ Tlx _____ Fax _____
Type of Business _____

NEWS: UK

'Cover up' claim in Salvation Army row

By Gillian Tett and Jimmy Burns

LAWYERS representing Mr Stuart Ford, the Birmingham businessman alleged to be at the centre of the £6.2m fraud against the Salvation Army, yesterday hit back at allegations that Mr Ford was responsible for the loss of the charity's money.

Mr Jim Crocker of the law firm Howell and Co said, on behalf of Mr Ford, that the allegations represented a "cover up" on the charity's part.

"If anybody is guilty of any-

thing then that blame should lie fairly and squarely at the door of the Salvation Army," Mr Crocker said.

The accusations against Mr Ford came in an statement issued by the Salvation Army on Thursday - the first full statement the charity had made since February, when it issued writs accusing Mr Ford, and his business associate Mr Gamil Naguib of conspiring to defraud the charity.

Thursday's statement announced that three top Salvation Army officials had been transferred from their posts,

and Colonel Grenville Burn, the Salvation Army officer in charge of fundraising, had been sacked.

However, General Eva Burrows, the Salvation Army's leader, stressed that on the basis of an internal investigation conducted by Coopers & Lybrand, the accountants, the charity had been innocent victims of skilled fraudsters.

Ms Burrows said: "There is no suspicion of any dishonesty by any of the people who have been disciplined."

This position echoes the preliminary findings of the Metro-

politan and City of London Police fraud squad, who have not yet found any evidence implicating senior charity officials in the fraud.

At the same time, the Charities Commission has announced an inquiry into the affair.

According to the Salvation Army statement, the money was diverted from its accounts when two self-styled business advisers, Mr Stuart Ford, and Mr Gamil Naguib persuaded Col Burn, to transfer \$10m to the Belgium bank ASLK-CGER, in the spring of 1992,

supposedly for investment in letters of credit.

Although the account was supposed to be under the supervision of top Salvation Army officials, in June 1992 Col Burn and Mr Ford then moved \$8.8m into an account of the Banque Continentale du Luxembourg without proper consultation.

By mid-December the charity learned that this money had been diverted by Mr Ford and Mr Naguib into a range of different accounts. Consequently, about \$1m of the missing money has been recovered.

Detectives from the Metropolitan and City of London police fraud squad have interviewed Col Burn at length and have had access to affidavits made by other senior officials.

They have also studied documentation relating to bank transactions in Belgium and Luxembourg.

Mr Ford's lawyers yesterday said that he had voluntarily surrendered himself to the police on Thursday, before the charity issued its statement. He is bailed to appear in court in October.

Decision put off on pension age equality

By Ralph Atkins

A GOVERNMENT decision on equalising male and female state pension ages has been delayed until mid-summer at the earliest, and perhaps until autumn.

The decision, when it comes, is expected to provoke a political row because millions of women face longer working lives.

Mr Peter Lilley, social security secretary, is considering postponing pension equalisation legislation until the parliamentary session beginning in autumn 1994, reducing the need for an early announcement.

A decision on a common pension age of 65 had been expected soon after Easter with legislation in the next session of parliament.

But options have not yet been considered by a cabinet committee and, even if legislation is not delayed further, the planned white paper still seems some way off.

Ministers may decide to await the outcome of the European Council of Justice's decision in the Colonnello Pension Trustees' equal pension rights case - expected in July.

That case will determine whether equality is required

only for pension benefits earned by service since May 17 1990, the date of the "Barber" judgment, or for benefits which were earned by service before that date. The Barber judgment on equal pay led the government to move towards a common pension age.

Currently the state retirement age is 60 for women and 65 for men. Although equalising at 65 has emerged as by far the most likely option, ministers have not formally made a decision.

Nor have ministers agreed on how to use some of the expected £3bn a year savings from raising the female retirement age to soften the impact - for instance by helping low-income pensioners.

One Whitehall insider said: "What is happening at the moment is a whole lot of cold feet about exactly how we amortise the announcement that is holding things up."

Any decision would not take effect for at least a decade and would probably then be phased in.

Ministers believe 65, which has been backed by the Confederation of British Industry, can be justified by the international trend towards higher retirement ages.

Waste legislation that dealers want dumped

Gillian Tett on the proposed disposal laws that present a threat to a valued activity

MR MICK Nichols grew up travelling on his family's rag-and-bone cart. Now in his fifties, he continues to ply his horse has been replaced by a van - and his livelihood is now threatened by the most modern of political phenomena - a battle over new environmental legislation.

The Department of the Environment is due to announce early in June a wide-ranging package of legislation covering waste disposal which would force scrap dealers to pay for new licenses and register all material handled by their yards.

Although the legislation was planned for April, its introduction has been delayed - a move that reflects not only the increasing confusion over the implementation of European Community directives, but also the widespread protests from the scrap industry.

The issue at stake is whether scrap should be defined as waste. Until now the Department of Environment has assumed that scrap should be so defined, with the result that local authorities across the country have treated scrap dealers in accordance with waste disposal regulations.

The department said: "These new regulations are basically being introduced to ensure that we have the highest environmental standards." The scrap industry insists, however, that designating scrap as waste is misconceived. Instead, it says that dealers like Mr Nichols play a vital part in the recycling of metals, and their work should be recognised for its environmental benefits.

Mr John Chubb, director of the British Scrap Federation, said: "We are not whingeing - we are prepared to accept regulations. But these regulations will hit us and hurt the environment." He points out that at present local authorities vary greatly in their interpretation of the existing legislation.

Mr Chubb believes that forcing scrap dealers to pay for new licenses and keep inventories will not only force many of the smaller dealers to close, but also discourage them from dealing with difficult items. The federation says scrap dealers handle about 2m vehicles and 5m household appliances such as washing machines, freezers and cookers a year.

Mr Chubb added: "When the public sees a filthy old scrapyard, they don't realise that it does a job which helps the environment. Where else are you going to dump your old fridge?"

Nevertheless, as the federation admits, the industry faces a difficult problem in changing its public image, not least because of high- and low-tech methods of scrap recycling.

The federation estimates that there are 300 large dealers operating in Britain. In 1991 these produced about 8.5m tonnes of recycled steel, together with a smaller - but more valuable - quantity of non-ferrous material. Slightly less than half of the steel was exported, of which 53 per cent was sent to EC countries, primarily Spain.

The largest dealers, such as Coopers Metals, which has an annual turnover of about £200m, stress that their side of the business is highly modernised. But these larger dealers

are themselves dependent on an estimated 9,000 smaller collectors and traders, who collect different scrap materials which large dealers believe would be uneconomic to collect.

To a casual observer the methods of small collectors seem to represent a distasteful side of the business. For while some former rag-and-bone families have replaced their horses with vans, others are using ever more basic methods, scavenging in rubbish tips with their bare hands.

One such London based collector, known as "Spectacles", has spent the last 20 years trawling skips for old wires and metals which he crams into a hand trolley and sells to scrap dealers. On a good day, when the skips are full and the site managers generous, he makes about £10.

"Gun metal is the best - you get good prices for that. Then zinc or aluminium," he explained. "But iron's the worst because no one wants it. The price has fallen right low."

The scrap wire he collects is sold on to a local scrap metal yard which cleans and strips it and then sells it on to refiners. According to HP Dicks, one of these refiners, most of the aluminium is then exported, with the lead going to British factories that manufacture batteries. Most of the scrap steel is refined in the UK.

The larger dealers insist that itinerants present an out-dated picture of the business. Nevertheless, with their numbers apparently growing, swelled by the young homeless, the rag-and-bone image seems set to dog the industry - and the forthcoming legislation - for a long time.



Southwark Metal, a scrap metal yard in London which specialises in ferrous metals and cable. Scrap dealers handle 2m vehicles and 5m household appliances such as freezers and cookers a year

Council contracts out roads

By Michael Skapinker

BERKSHIRE County Council has awarded one of the largest local government contracts to the Babtie Group, the Glasgow-based consulting engineers, to manage its highway and planning services.

Battie will receive more than £30m over four years to handle the council's traffic and road safety services, highway maintenance and waste management. The council said it was the first local authority to hand over its highways and planning services to a private-sector contractor.

Mr Tony Allen, the council's chief executive, said: "The government is planning to extend compulsory competitive tendering to highways and planning services in the very near future and we feel we have given our highways and planning staff a more secure future by getting in first and being in control of the situation."

He said the council expected the contract to mean savings of £1.3m in 1993-4 and increased amounts after that.

Battie will assume responsibility for traffic monitoring, traffic signals, bus schemes and highway and bridge maintenance. It will be responsible for road safety strategy and accident prevention and investigation. It will also take over waste recycling, landfill design, pollution control and monitoring, and preparation of waste disposal contracts.

Of the council's 383 highway and planning staff, 309 will become Babtie employees. Twenty will continue to work for the council, managing the contract. There will be 14 compulsory redundancies and 14 temporary staff will leave. Twenty-six are taking voluntary redundancy, the council said.

Customs & Excise outlines targets

By Andrew Jack

HM CUSTOMS & Excise plans to reduce mistakes in the payment of value added tax - payments that are either under or over - by £3.3bn during 1993-94, according to its management plan published this week.

Estimated gross total receipts of VAT from traders last year are about £280bn. The target includes the collection of £1.5bn in net additional liabilities as a result of under-declaration.

The management plan,

which covers the period 1993-96, includes for the first time a detailed strategic framework setting out the department's objectives over the next five years.

Its four commitments are to encourage openness and participation, maximise career opportunities, avoid compulsory redundancies and ensure that in-house bids for those functions to be market tested can compete fairly.

It says staff numbers will be reduced by more than 5 per cent a year.

The plan says it aims to

ensure that three-quarters of intra-EC trade by value during the first quarter of this year will be reported by May 31.

Ms Strachan said that at the end of March the figure was at 70 per cent of those required to file returns and was in line with expectations.

She said there was additional pressure in the new plan on the quality of service and on Customs' relationship with the professional and business community.

The plan commits Customs to introducing a new pay sys-

tem and grading structure delegated from centralised pay bargaining by April 1 next year.

Other elements of the plan include evaluations over the next year of the movement of goods in the EC, the collection of trade statistics and dealing with travellers and anti-smuggling controls.

It commits to improving VAT compliance from traders, visiting all newly registered traders within three years and reducing average daily arrears to 4.3 per cent of 12 months' liability.

Militant seeks control of Civil Service union

By Robert Taylor, Labour Correspondent

THE MILITANT Tendency, the Marxist group, is trying to win control of Britain's largest Civil Service union, the 125,000-strong Civil and Public Service Association.

In the past Militant was quick to deny that it was an organised faction in the union. Now, for the first time, it has launched a public campaign for power in the union's annual elections.

Postal voting starts on Monday for the union's presidency and vice-presidency, as well as for all 18 seats on its executive council. There is growing concern among the present moderate leadership that Militant is poised for victory. Results will be announced on May 10 at the union's annual conference.

Mr Barry Reambottom, the union's general secretary, said yesterday: "The union is in serious danger of being captured by extremists. The Militant is campaigning openly for power in a way it has never done before."

Mr Reambottom said Militant was in a "resurgent and buoyant" mood. "I am deeply concerned that because of the many difficulties our members face, the Militant has an ideal opportunity to exploit the great reservoir of discontent in their favour."

In a leaflet published last week, Militants in the union said they were "openly playing a leading role" in the election campaign and had "initiated calls for a united opposition to the current union leadership."

"This has resulted in an electoral alliance on the basis of opposition to the government's 15 per cent pay ceiling and market testing and in defence of union democracy," it says.

The leaflet adds: "Faced with large-scale threats to jobs through privatisation and a virtual pay freeze recommended by the current moderate leadership of the union, CPSSA members increasingly are turning to the broad left in which Militant Labour supporters openly play a leading role, for an alternative leadership. It claims the broad left has

almost three times as many branch nominations as the moderate incumbents and suggests it is "heading for a landslide victory".

Mr Larry O'Callaghan, head of the union's Home Office section and an executive committee candidate, said: "Militant supporters are proud and open about our socialist beliefs. It is precisely because of factors such as low pay and the inability of the current leadership to do anything about it that members are increasingly looking for a more positive leadership."

Mr Phil Marston, a Militant member of the union, said: "Politics do not come into it. More and more people are supporting us because we are prepared to stand up and do something about their complaints."

In a leaflet the moderate union president Mrs Marion Chambers urges union members not to allow the Militants to use them as a "political battering ram". She faces a serious challenge from Mr Albert Astbury, a self-proclaimed independent who heads the broad left list.

Anglo-Scottish water pipeline mooted

By James Buxton, Scottish Correspondent

SCOTTISH Enterprise, the development body in Scotland, may study the feasibility of building a privately funded pipeline to carry water from southern Scotland and northern England to the drought-prone south of England.

The pipeline, which could take 12 years to construct and would involve a 140-mile tunnel through the Pennines,

might cost £1.5bn. But with water a sensitive subject in Scotland - as the Scottish Office considers the possibility of privatising the country's water industry - the idea has already run into opposition.

Scottish Enterprise may contribute £500,000 to a two-year study of the project. Consulting engineer Mott MacDonald is understood to be interested, as is Bank of America, which

is involved in financing other UK infrastructure projects.

The scheme would involve taking water from the rivers Nith, Dee and Annan in south-west Scotland, then gathering water from the rivers Eden and Esk in north-west England before going to the Kielder reservoir in Northumbria. The pipeline would then pass through a 140-mile tunnel to Carsington near Derby, where it would link with the

water supply system for East Anglia and south-east England. In Scotland the pipeline could be extended to bring in water from the river Tay in the southern Highlands.

The Scottish Office is still considering the future of Scottish water and sewerage, currently run by local authorities. Most observers believe that it is not feasible to create water companies and privatise them before the next election.

one with adjoining land, Mr Andrew Martin of PostTel said he expected "significant interest" in the estates.

Mr Denny said there had been few good quality farms placed on the market in the past year. The shortage of stock and an improvement in farm profitability was likely to lead to a tentative recovery in the agricultural land market, he said.

"There is more confidence in the market although I don't anticipate a dramatic increase in values."

The decline in real property values in the 1980s was largely due to declining farm incomes as a result of reforms of the Common Agricultural Policy, which was producing unsustainably large food surpluses. The

decline was interrupted briefly by rising prices in 1988-89, when land values were boosted by new investors, often wealthy business people wishing to live in the countryside.

But demand evaporated once the recession took hold and prices fell sharply from a peak of £2,500 an acre in 1988 to about £1,500.

The agreement reached over reform of the CAP last year, which will result in the set-aside of 1.5m acres of farmland, took some of the uncertainty out of the agricultural market. The reduction of interest rates and improvements in farm profitability reduced the risk of forced sales of farms.

Another important factor in stabilising farm values was the fall in the value of sterling after its exit from the exchange rate mechanism in September, which boosted farm incomes. According to the Ministry of Agriculture devaluation and lower interest rates resulted in a 23.6 per cent increase in UK farm incomes to £1.8bn last year.

The view that farmland values have stabilised is supported by a recent survey by the Farmland Market Journal and the Royal Institution of Chartered Surveyors. It said although few surveyors expected farm price increases this year, a prolonged shortage of new properties on the market could lead to small increases.

PostTel puts southern farmland valued at £15m up for sale

By Vanessa Houlder, Property Correspondent

POSTTEL, one of the UK's largest institutional investors, is putting 7,745 acres of farmland up for sale. The fund's proposed disposal follows a decision several years ago to reduce its agricultural land holdings. The value of the four farms for sale in Hampshire and Wiltshire is about £15m, although no asking price has been decided.

PostTel, which invests the pension funds of British Telecom and the Post Office, bought the farms in the mid-1970s. At that time many institutions acquired agricultural property in the belief that it would

prove a good hedge against inflation. This trend was reversed in the 1980s when the funds became disillusioned with the performance of agricultural property.

According to Savills, property adviser, the value of the land has fallen by about 60 per cent in real terms since 1979 to about £1,500 an acre. Values in real terms are at their lowest for 30 years.

Many institutions disinvested from agricultural property in recent years to concentrate on core portfolios. Notable recent deals include the sale by British Coal's pension fund of a 11,500-acre estate in 1990, Guardian Royal Exchange's sale of 23,500 acres of land in 1991, and Norwich Union's

sale of 9,500 acres to the Crown Estate last year.

PostTel said it would start marketing three of the estates in May. The properties are the 2,275-acre Brown Candover Estate near Winchester, the 1,150-acre Manor Farm at North Oakley near Basingstoke and the 730-acre Manor Farm at West Overton near Marlborough.

A fourth estate, the 3,800-acre Longwood Estate near Winchester, is likely to be put on the later. The farms have been managed by Booker Farming for the past eight years.

Mr Richard Denny of Cluttons, which is marketing the Hampshire estates, said he expected the buyer to be a commercial farmer, possibly

one with adjoining land, Mr Andrew Martin of PostTel said he expected "significant interest" in the estates.

Mr Denny said there had been few good quality farms placed on the market in the past year. The shortage of stock and an improvement in farm profitability was likely to lead to a tentative recovery in the agricultural land market, he said.

"There is more confidence in the market although I don't anticipate a dramatic increase in values."

The decline in real property values in the 1980s was largely due to declining farm incomes as a result of reforms of the Common Agricultural Policy, which was producing unsustainably large food surpluses. The

decline was interrupted briefly by rising prices in 1988-89, when land values were boosted by new investors, often wealthy business people wishing to live in the countryside.

But demand evaporated once the recession took hold and prices fell sharply from a peak of £2,500 an acre in 1988 to about £1,500.

The agreement reached over reform of the CAP last year, which will result in the set-aside of 1.5m acres of farmland, took some of the uncertainty out of the agricultural market. The reduction of interest rates and improvements in farm profitability reduced the risk of forced sales of farms.

Another important factor in stabilising farm values was the fall in the value of sterling after its exit from the exchange rate mechanism in September, which boosted farm incomes. According to the Ministry of Agriculture devaluation and lower interest rates resulted in a 23.6 per cent increase in UK farm incomes to £1.8bn last year.

The view that farmland values have stabilised is supported by a recent survey by the Farmland Market Journal and the Royal Institution of Chartered Surveyors. It said although few surveyors expected farm price increases this year, a prolonged shortage of new properties on the market could lead to small increases.

BR lobbies over strike

By Robert Taylor,
Labour Correspondent

BRITISH RAIL launched a campaign among its employees at the weekend to persuade them not to join a second 24-hour strike on Friday. Managers at depots and stations across the country have been told to talk to staff and explain that there could be further job losses and dwindling business for the railway industry if disruption continued. On April 2 BR lost about £10m in gross revenue because of industrial action.

BR said yesterday: "We understand the fears which stem from the coming privatisation of the industry but no employer can guarantee jobs for life." Mr Paul Watkinson, BR's employee relations director, believes BR "went a long way on Thursday to meet the demands from the unions". In a document presented to the unions BR reaffirmed that it would "seek to achieve any necessary manpower reductions by voluntary severance coupled with natural wastage and arrangements for redeployment and retraining". It had also promised to "discuss such arrangements with the trade unions and staff representatives at the appropriate level".

BR assured the unions that it would "consult on any proposals for job reductions and contracting out in accordance with established procedures and take measures to avoid compulsory redundancies through the application of current agreements". These offers did not satisfy the executive committees of the two unions but further talks before Friday's planned strike cannot be ruled out. BR remains reluctant to adopt a tougher stance for fear of a complete shutdown of the network. BR's legal advisers suggest it would fail to secure an injunction against the promised strike, which they accept is lawful.

A lock-out would precipitate legal redress from BR's freight contractors, while depriving the unions of the check-off system for paying union dues could not be achieved overnight and would do nothing to resolve the dispute. Separately, London bus crews will not be striking on Friday. Instead, their local representatives met on April 22 to discuss further industrial action, including another two one-day strikes, a lobby of Parliament in May, and a public petition against plans to privatise and deregulate London's bus services.

Members of the National Union of Mineworkers have been called on to strike next Friday in the campaign against pit closures. Late on Thursday night Mrs Ann Scargill, the wife of the NUM president, started an underground protest sit-in with three other women at Parkside colliery on Mersey side, one of the pits facing imminent closure.

Directors size up new rules

Norma Cohen on company compliance with the Cadbury code

THE INK has barely dried on the final version of the Cadbury rules - the definitive rulebook on good corporate governance - and already British corporations are keen to show their compliance. From June 30 every company whose shares are traded on the London Stock Exchange will be required, as a condition of listing, to disclose in its annual report the extent to which it complies with the code drawn up by the Committee on the Financial Aspects of Corporate Governance, which bears the name of its chairman, Sir Adrian Cadbury.

Three corporations have amended their rules so that executive directors are periodically required to seek shareholder approval of their appointment. Ms Anne Simpson, director of Pensions and Investments Research Consultants, a group which advises shareholders on corporate governance matters, said the three were TSB Plc, British Petroleum and Commercial Union. All three companies insulated executive directors from shareholder endorsement, although TSB required a quarter of its non-executive directors to stand for election each year.

The companies are now seeking changes to their articles which will provide for elections for executive directors. Ms Simpson said: "This is a best corporate governance practice is M&G Group, the UK's largest unit trust manager. M&G, as an institutional shareholder, has taken a vigorous line on corporate governance matters and its chief executive, Mr Paddy Linaker, had urged the Cadbury committee to take a tougher stance on some issues than it did. M&G's 1992 accounts spell out the composition of the audit, remuneration and executive committees and their reporting functions and say that executive directors are employed under one-year rolling contracts of employment.

The committee had recommended a change in the Companies Act to cut to three years from five the maximum length of a director's contract. Also announcing their compliance with the code in their 1992 annual reports are British Gas, the management consultants Holmes and Marchant Group, the freight group NFG, and Wellcome. Grand Metropolitan, which violates one of the central recommendations of the Cadbury report - the separation of the roles of chairman and chief executive - also includes a compliance statement. The committee had said that separation of the top roles was desirable but not absolutely necessary if the proper checks and balances were in place. Grand Met's statement, from its non-executive deputy chairman, does not mention the combination of the roles. It does say though that the company complies with 16 of the 19 recommendations.

Group 4 loses third prisoner

BRITAIN'S first private prisoner escort service on Thursday experienced its third escape within a week, Robert Taylor writes. A 20-year-old man facing traffic charges in Derby escaped by breaking out of the van taking him to court. Group 4 Escort Services started work last week on a five-year contract covering the east Midlands, south and north Yorkshire, Lincolnshire and Humberside. Mr David Evans, general secretary of the Prison Officers Association, yesterday predicted further escapes. "This recurring nightmare will go on as long as this government continues with its dogmatic policy of contracting out prison escorting."

The prison service, which is monitoring Group 4's operation, acknowledged "significant difficulties" and said it would be discussing the problems with Group 4 next week. The company said that "initial difficulties" could be expected. "Our procedures and our vehicles are entirely to the satisfaction of the Home Office who also set the standards for the prison service."

When BA acquired Dan Air last October it established a separate company at Gatwick, European Operations Gatwick. EOG has outlined generally inferior terms and conditions of employment for former Dan Air staff. Mr Dark said that BA's existing pilots at Gatwick were now being re-deployed elsewhere to

Tyneside shipyard withdraws notices

SHIP REPAIR A & P Appleford Tyneside has withdrawn redundancy notices which were served on the entire hourly-paid manual workforce after workers rejected a cost-cutting pay and conditions deal. The unions at the Tyneside company have also withdrawn their threat of a strike or other industrial action. The compromise by both sides has cleared the way for talks, due to start on Tuesday, on how the company can achieve cost savings of 10 per cent, said by management to be vital to the company's survival. The company, part of A & P Appleford Holdings, said: "It means everything is open to discussion again. We've cleared the air for the real talks on the real issue, which is to reduce operating costs."

Union warns Mercury over redundancy anger

By Diane Summers,
Labour Staff

THE National Communications Union has accused Mercury Communications, the Cable & Wireless subsidiary, of failing to carry out compulsory redundancies properly. The union has warned Mercury that it could face industrial tribunal cases from former employees. The union, which is not recognised by the company, has written to Mr Robert Johnston, Mercury's personnel director, alleging that the company has not looked for suitable alternative jobs for all employees who face redundancy. The union also says that con-

sultation procedures are inadequate and the selection criteria for redundancy are sometimes vague. About 50 employees out of the workforce of about 9,000 were made redundant last year, following a reorganisation. The union says there could be as many as 200 further compulsory redundancies as the result of an efficiency drive. Mr Johnston dismissed the figure as "scaremongering" and said almost all of the 200 were likely to be redeployed because there were also currently more than 700 vacancies in the company. It was expected the workforce would grow by

about 1,000 in the current financial year, Mr Johnston said. A redundancy policy had been formalised during the past year and staff had been fully consulted, he added. One or two of the redundancies might not have been handled as well as he would have liked and some staff could have "left feeling bitter about their experience". The union, which has the bulk of its membership in British Telecom, says it has just under 700 members at Mercury. Mr Johnston said the company preferred "to deal with individuals as individuals" rather than through a union.

The rejected package included a pay freeze, lower pay rates for temporary workers and reduced holiday payments during lay-off periods. After an unofficial one-day strike last month the staff, who work in repair yards at North Shields and Wallsend, backed industrial action in a ballot by four to one. The management said three contracts had been lost because of the strike threat. In an agreed statement, issued after talks this week which led to the compromise, the two sides said: "We are determined to resolve all our industrial relations problems internally without any effect on our customers."

ciba

Basle, Switzerland, 8 April 1993

To the shareholders of Ciba-Geigy Limited

Notice of Annual General Meeting

Notice is hereby given to the shareholders that the Annual General Meeting of the Company will be held at the Sporthalle St. Jakob, Basel, on Wednesday, 5 May 1993, commencing at 10.30 a.m. Entrance Brüglingerstrasse/St. Jakobs-Strasse; the doors of the assembly hall will open at 9.00 a.m.).

Items of business

1. Approval of the annual report, accounts, and consolidated accounts for 1992
2. Formal approval of the activities of the Board of Directors
3. Appropriation of balance sheet profit and declaration of dividend Profit for 1992 SFr 441,781,358 Profit carried forward SFr 5,905,785 Balance sheet profit at the disposal of the AGM SFr 447,687,143 Dividend SFr 404,152,490 Carry to general statutory reserve SFr 37,528,446 Carry to new account SFr 6,006,207

A total dividend payment of SFr 404,152,490 is equivalent to a gross dividend of SFr 14.- per share or participation certificate of SFr 20.- par value. Payment will be made with effect from 6 May 1993.

4. Amendments to Articles of Association

In connection with the new company law, the Board of Directors proposes the amendment of various Articles of Association. Registered shareholders will receive the proposed amendments with this notice. The proposed amendments will also be supplied to holders of bearer shares and participants on written request*. In addition, the complete text containing the proposed amendments will be published in the *Schweizerisches Handelsamtsblatt* of 13 April 1993, and may also be inspected at the Registered Office of the Company*.

5. Elections

Pursuant to Article 19 of the Articles of Association, the term of office of Alex Krauer will expire. He is eligible for re-election. It is proposed that the term of office of Alex Krauer be renewed. The Board of Directors also proposes the election of Michael Ringier, publisher, resident in Küssnacht, Canton Zurich, as a new member of the Board of Directors.

6. Appointment of auditors

The Board of Directors proposes the retention of the current auditors, the *Schweizerische Treuhandgesellschaft-Coopers & Lybrand AG*, for a further year.

7. Appointment of auditors for the Group

The Board of Directors proposes the appointment of the *Schweizerische Treuhandgesellschaft-Coopers & Lybrand AG* for 1993.

Annual report

The annual report (including the accounts and the consolidated accounts) and the auditors' report for 1992 will be open to inspection by shareholders at the Registered Office of the Company* from 13 April 1993 onwards. These reports will be sent to registered shareholders: they will also be supplied to holders of bearer shares and participants on written request*. The ticket of admission and voting papers will be sent only to those who register, from 15 April 1993 onwards.

Those shareholders entered in the Share Register on 26 March 1993 as entitled to vote will be sent a registration card together with the notice of the Annual General Meeting. After this has been returned, the registered shareholder will be sent a ticket of admission and voting papers. It will greatly assist the Share Registry in its preparations for the meeting if the registration card is returned so as to reach the Company by 26 April 1993. Holders of registered shares not yet entered in the Share Register on 26 March 1993 may obtain a ticket of admission and voting papers from their bankers or direct from the Registered Office of the Company*, provided their application for registration as shareholders has been lodged with the Company by 15 April 1993, and is not refused. Holders of bearer shares may obtain a ticket of admission and voting papers from their bankers or direct from the Registered Office of the Company* against temporary surrender of their share documents.

Sale of shares

Shareholders who sell their shares before the Annual General Meeting are no longer entitled to vote. In the case of sales of only some of the shares stated on the ticket of admission, the ticket must be presented for correction at the AGM Office (GV-Büro) before the Annual General Meeting begins.

Voting rights

Pursuant to Article 4c of the Articles of Association, no person is entitled to votes representing more than 5 per cent of the total share capital in respect of the aggregate of shares he or she owns plus any shares he or she represents by proxy.

Appointment of proxy

Pursuant to Article 11 of the Articles of Association, a shareholder may appoint as proxy for a General Meeting only his or her lawful representative or another shareholder present in person at the meeting. The instrument of proxy on the reverse of the registration card or ticket of admission must be used for this purpose. A shareholder may also appoint the Company or the independent proxy named on the instrument of proxy, in which case votes will be cast according to the proposals of the Board of Directors unless there are clear instructions to the contrary.

Representatives

Swiss banks and professional securities administrators are asked to notify the number, type, and par value of the shares they represent to the Company as early as possible, and in any event not later than the day of the Annual General Meeting, at the AGM Office (GV-Büro).

Records of resolutions taken

The texts of the resolutions adopted will be open to inspection by participants at the Registered Office of the Company*.

For the Board of Directors

Of Ciba-Geigy Limited

Alex Krauer, Chairman

* Office of the Company Secretary, Klybeckstrasse 141, CH-4057 Basel

LEGAL NOTICES

NOTICE OF MEETING OF CREDITORS
THE INSOLVENCY ACT 1986
GOSWAMY HENDRICKS 185/594
NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a meeting of creditors will be held at the offices of Robert Rhodes, 196 City Road, London EC1Y 1BB on 20 April 1993 at 12 noon for the purposes mentioned in Section 98 of the said Act. Creditors wishing to vote at the meeting must lodge a proof, together with a statement of their debt, at the offices of Robert Rhodes, 196 City Road, London EC1Y 1BB on 16 April 1993 and 19 April 1993 between the hours of 10.00 and 16.00 hours. Dated 16 April 1993 and 19 April 1993
Goswamy Hendricks
Secretary

EGYPT

With the country's economic reforms continuing apace, on the 22nd April, 1993 the Financial Times will be publishing a major new survey on Egypt.

If you would like to advertise within this survey contact:

Paul Maraviglia
Tel: 071-873 3447
Fax: 071-873 3595

FT SURVEYS

n put
ension
ality

alk up
y hopes

control
e union

p for sale

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Weekend April 10/April 11 1993

Homes versus enterprise

IS THE British personal sector about to change the habits of a lifetime in the way that it saves and invests?

For the best part of half a century, privately owned housing and collective forms of investment such as occupational pensions have claimed a disproportionate share of the asset side of the household balance sheet. Yet suddenly there are signs of a change. Last year, as house prices continued to fall in nominal terms, private individuals ceased to be net sellers of company securities and emerged as buyers of £4.7bn-worth of shares. If the trend were sustained, it would amount to nothing less than a financial revolution.

At first sight, it may seem perverse to raise the possibility of a shift in deeply entrenched behaviour just when demoralised home owners are seeing the first tentative evidence that the housing market is beginning to stir. But one month's figures from the building societies, which is all the evidence amounts to, hardly count for much.

While the ratio of house prices to earnings is below its average level of the past 25 years, it is still well above the level in earlier troughs in 1970, 1977 and 1982. After the biggest of all the post-war housing booms and busts, it would be surprising if the trough turned out to be shallower than in earlier downturns, especially when the fall in nominal prices has been so severe that the speculative investment premium in house prices may well be disappearing.

New incentives

Moreover, the pattern of previous troughs has been for the price-earnings ratio to remain broadly stable for two or three years once the bottom of the cycle has been reached, as a backlog of transactions works its way through the market. House prices could thus jump their way along the bottom for two or three years, once again, before turning up. And by the second half of the 1990s, demographic factors will probably militate against a big upturn.

The more substantial arguments for believing that the rules of the game have changed rest on a new

and different pattern of incentives. The tax system has long favoured investment in collective savings vehicles and in home ownership. But the fiscal carrots are getting leaner by the year.

On the investment side of the equation, life assurance premium relief is long gone. Since Mr Lamont's latest Budget, the fiscal reliefs for pension fund investment are under attack, on an arbitrary basis that leaves pension funds vulnerable to further imposts in future. Yet private investors now have a powerful incentive to invest in the stock market directly via personal equity plans.

Mortgage relief

In housing, the exemption from capital gains tax remains an important fiscal privilege. Yet the value of mortgage tax relief has been reduced in successive budgets and further eroded by inflation. The shrinkage in the private rented sector over a period of several decades means that the alternatives to home ownership remain inadequate. But this is a battle which the government will one day have to grasp.

It is, however, too soon to declare that the 1990s will be the decade of the private equity investor, not least because of the costly impact of the Budget's Advance Corporation Tax measures on higher rate taxpayers.

But the market is undeniably becoming less institutional, with pension fund cash flow falling from £15bn in 1989 to a mere £4.4bn last year, reflecting a combination of contribution holidays and the increasing volume of pensions in payment. As in the US over the past two years, private investors may also be tempted to continue investing in expensive-looking equities because they incur an income penalty by putting money into building society deposits, rather than equities or gilts.

Thus far, it looks less like a revolution than a slightly haphazard set of steps in broadly the right direction. The definitive verdict on whether enterprise is to enjoy larger rewards than home ownership in Britain will hinge above all on the course of monetary policy between now and the next general election.

Old wine in new bottles

THE NEW French government's policy statement, presented by Mr Edouard Balladur, the prime minister, to parliament on Thursday, was intended to herald an era of "reform and renewal" after years of Socialist mismanagement. Yet the economic policies announced by Mr Balladur, apart from a privatisation programme, are not very different from those of his Socialist predecessor.

That, after the electorate's clear vote in favour of change, is the most significant feature of the current French situation. The political consensus on close links with Germany within a European Monetary Union is now so complete that a new government has little flexibility in its choice of economic policies.

Mr Balladur's declaration that the preservation of the current parity between the franc and the D-Mark, the so-called *franc fort* policy, remains an absolute priority, is tantamount to an admission that the Bundesbank holds the key to France's economic prosperity in the coming months.

Economic recovery in France, which is expected to experience negative growth this year, is dependent on lower French interest rates. Given the *franc fort* policy, that will be allowed to happen only if the Bundesbank leads the way more decisively than it has done so far in reducing interest rates. Nor can a substantial fall in the exceptionally high level of unemployment, now exceeding 10m, or 10.5 per cent of the active population, be expected until such a recovery takes place.

Paris-Bonn co-operation

It is clearly with an eye to future Franco-German co-operation within Ecu that the prime minister announced plans to make the Bank of France more independent, though the extent of that independence remains unclear. In France, the governorship of the central bank is traditionally held by former treasury officials, so the government's grip on the bank's policies will certainly remain greater than that of the Bonn government over the Bundesbank.

Mr Balladur, however, hopes that, once both central banks are able to talk to each other as independent equals, the Bank of France will have a much greater

influence on German interest rates than it has now. That is by no means a forgone conclusion. The Bundesbank's stubbornness in defending purely German interests should not be underestimated, as its recent interest rate policy has demonstrated only too clearly. In spite of his generally moderate and conciliatory tone, Mr Balladur fiercely defended France's national interests in the Gatt trade negotiations, particularly in the agricultural field. Stressing that France had no intention of losing its place as the world's second largest exporter of farm products, the prime minister demanded that agricultural problems should not be singled out from other issues in the talks.

Uruguay Round

His emphasis on the harm that had been done to French agriculture by the reform of the European Community's common farm policy and on the further damage that the Gatt talks could cause, do not appear to bode well for either the Uruguay Round or relations between France and some other EC members, such as Britain. Yet it was significant that he stopped short of demanding a renegotiation of the CAP, calling merely for adequate compensation for farmers in return for price cuts. The widely forecast clash within the EC on this problem may thus still be avoided.

Mr Balladur was given a standing ovation by the conservative-dominated parliament, in spite of his Churchillian warning that it would take five years of blood, sweat and tears to put France back on its feet. But the government's problem is that the electoral calendar to which it has to work does not give it that long. The next presidential election is only two years away. Mr Jacques Chirac, the Gaullist leader and presidential candidate, for one, will want to see results much earlier to boost his prospects.

If the Bundesbank does not come to the rescue fairly soon, the political pressures to abandon the central plank of Mr Balladur's economic policy, the *franc fort*, and to go for growth might thus become irresistible. It is within the next five months, rather than the next five years, that the die will be cast.

It did not take long for Euro Disney to realise one could go broke overestimating the taste of the European public.

When the theme park outside Paris was being built, Euro Disney believed visitors would wear sweat-soaked shirts and Mickey Mouse Mouse. Instead they wanted take-away food and Mickey Mouse logos big enough to cover their chests.

Mr Philippe Bourguignon, the Frenchman who was appointed Euro Disney chairman last January, says: "Each time we tried to Europeanise the product we found it didn't work. Europeans want America and they want Disney, whether French intellectuals like it or not."

When Euro Disney celebrates its first anniversary on Easter Monday, it will look back on a year in which knowing what customers wanted proved more difficult than predicted.

The company, which expected a profitable start, made a pre-tax loss of FF933m (\$42.5m) in the year to September 30 1992, which included its first six months of full operation. In the first quarter of the current year, it recorded a deficit of FF492m.

High French interest rates have made Euro Disney's FF181m debt more onerous than expected. Inflation, the salvation of many an indebted developer, is currently running at only 2.1 per cent in France, compared with the 5 per cent Euro Disney projected. Occupancy at the park's six hotels has averaged 55 per cent, compared with an expected 60 per cent. One of its hotels had to be closed for most of the winter. Spending on both food and merchandise is lower than expected.

Although it has learned from some of its initial mistakes, profitability is still years away. Just when the theme park begins to turn a profit will be influenced as much by Euro Disney's efforts to ease its financial burden as by management initiatives to improve its operations.

Mr John Forsgren, finance director, says the company will not make a profit either this year or next. Ms Rebecca Wainwright-Ingram, European leisure analyst at Morgan Stanley in London, expects the group to record a deficit of FF769m this year and to produce losses of FF570m in 1994 and FF352m in 1995. She does not expect Euro Disney to make a profit until 1996.

Not all is gloom, however. In the spring sunshine, there are long queues for the Pirates of the Caribbean and the Star Tours intergalactic voyage. Mr Steve Burke, executive vice president, says the company will meet its first-year target of 11m visitors by the end of this month. After a disappointing start, Euro Disney had been expected to miss its target by 500,000.

The improved attendance figures are the result of an intense focus on the French market. Initial visitor figures from the UK and Germany exceeded expectations, but French attendance was disappointing, despite the specially built RER suburban railway extension linking the park with central Paris. In the first four months, Euro Disney attracted more British visitors than French.

Mr Bourguignon puts the initial lack of French interest down to "the Eiffel tower syndrome". People do not have a sense of urgency about visiting an attraction in their own back yard, he says.

To boost attendances, Euro Disney offered residents of the Paris area discounts of up to 30 per cent on the FF225 admission price during the first three months of this year. Giving local people discounts,

After a year of losses, Euro Disney realises that its customers want a theme park with a genuine American flavour, say Michael Skapinker and Alice Rawsthorn

An older, wiser Mickey Mouse

Euro Disney: a rollercoaster ride

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

180

160

140

120

100

80

60

40

20

0

Jan 1992

Jan 1993

Apr

Source: Datastream

Euro Disney opens 124.82

Euro Disney

Share price (pence)

Blurred vision of a split personality

The worst may be over for John Major, but he has yet to establish a distinct identity for his administration, says Philip Stephens

It has been a wretched year. Mr John Major's government has contrived to heap bad judgment onto generous helpings of bad luck. It has left the prime minister struggling to establish a sense of purpose for his administration. The nation has been left to ponder whether he or his party have the will to do so.

In fact the odds are that the worst is over. Mr Major may yet face the shock of a defeat in next month's Newbury by-election. But beyond that a gentle economic recovery should bring with it a modest upturn in the government's fortunes.

For what it is worth in such feeble times, the consensus at Westminster is that Mr Major will lead his party into the next general election, and he has a good chance of winning it.

But no one, these days, is prepared to bet too much of their own money on such predictions. The prime minister cannot rest easy until the Maastricht treaty is ratified. If by some fluke the opposition parties and the Conservative Eurosceptics manage to overturn the natural pro-European majority in the House of Commons then he will fail. For those who like betting on outsiders, the har-room betting on that possibility among Conservative MPs oscillates between five and 10-1.

The assumption, though, must be that Mr Major will govern for at least the next three or four years. The question that must be then he answered is how.

Even in his own cabinet no one is quite sure. Some believe that the legacy of the past year may drive the prime minister into another burst of Thatcherite radicalism in an attempt to placate his party's right wing. The Tory right has the welfare state firmly in its sights.

Others are convinced that once free of the snare of Maastricht he will reassert the social market Conservatism with which he always intended to replace the ideological passions of his predecessor. Others still, in private moments, confess that they simply do not know. There is no agreed route map.

His election victory on April 9 1992 promised to liberate the prime minister from his party's past and stamp his own identity on Conservatism. Instead the 12 months since have shown us two John Majors.

The first remains the careful, shrewd, political tactician who outflanked his more experienced rivals to steal the succession to Mrs Margaret Thatcher. It is a persona still visible to those around him in his clarity of thought at cabinet meetings; in careful judgements of the mood of the party; in an instinctive preference for pragmatism over theology.

At least one of his most senior colleagues is convinced that Mr Major was the only leader capable of holding together the Tory party during the past year. Under anyone else the European issue would have split the Conservatives for a generation.

Other colleagues remind him that it was Mr Major's preference for consensus over confrontation that won an election which his predecessor almost certainly would have lost.

It is this side that persuades the prime minister that he will survive. There has been the odd moment during the past year when he has suggested that he would not be hard pressed to build a life outside politics.

If he had lost a crucial Maastricht vote last autumn he



probably would have quit. Yet far more frequent have been the private occasions when he has lifted his horizon above not just his immediate problems but also the next general election to speculate on the shape of a Majorite Britain in 2000. He intends to stay.

Here though we come to the second John Major. This politician has appeared an uncertain leader, hamstrung by a small parliamentary majority. His pragmatism and a tactical rather than a strategic focus have left him too often looking weak and insecure. This prime minister has yet to find a rhet-

oric, still less a more solid framework, for the brand of Conservatism he sold to the electorate only a year ago.

The trauma of sterling's exit from the European Exchange Rate Mechanism, the depth of the recession, the civil war over Europe, and the coal industry debacle, have left him subject to sharp swings in mood.

At one moment the Conservative Eurosceptics are reviled and threatened. The next they are courted, assured that Maastricht is an obstacle to European integration.

The prime minister promises to build an industrial strategy to replace the ideological indifference to manufacturing of the 1980s. Then, accused of ditching Thatcherism, he protests the change is one of style rather than substance.

There have been many occasions when the first Mr Major appears determined to lead. But too frequently there have been others when he has preferred appeasement.

So enthusiasm for the consensus with which he replaced the blinding conviction of his predecessor has given way to doubts about whether he can set his policies within a long-term strategy.

Mr Major blames bad luck. Who foresaw the slide into world recession? Who predicted the No vote in the Danish referendum on Maastricht? Who guessed that the ERM could be so badly fractured by the speculators?

But in politics bad luck and poor judgment are impossible to disentangle. Voters rarely distinguish between them. It was the prime minister who decided first to make the ERM the core of his economic strategy. He negotiated Maastricht. Who else can be blamed for the appalling state of the public finances and the broken pledge not to raise taxes?

The cabinet must accept collective responsibility. There are notable exceptions - Mr Douglas Hurd, Mr Kenneth Clarke and Mr Michael Portillo among them. But too often other senior ministers have looked exhausted and bewildered. Too many of them are politicians whose ambition to reach the top has long taken precedence over a coherent philosophy for government. When Mrs Thatcher took the decisions there was no need for

others to dabble in the world of ideas. There is now.

After the pain of the past few years the electorate will demand more than a gentle economic recovery. The prime minister needs to find a tune to which the country can whistle.

He has policies. Sometimes it seems too many - for education and training, for standards in public services, for privatisation, for the promotion of individual responsibility and ownership, for local authorities and, perhaps, for manufacturing industry.

It is possible (not certain) that a credible medium-term economic policy will emerge eventually from the ashes of the ERM. It can be argued that if and when Maastricht is ratified, the less-ambitious mood in the rest of Europe will restore to Britain a voice in shaping its future. But heads need a thread.

The risk is that Mr Major will remain a prisoner of his small parliamentary majority. He may steer too far in the direction of the Eurosceptics. He could be driven to mount the assault on the welfare state that his predecessor never dared. Events rather than his own sense of purpose would then remain the guiding force of his government.

To avoid the trap Mr Major must establish the personal political presence - at Westminster and in the country - which has so far eluded him. It may well be that the age of heroism in British politics has long since passed.

Margaret Thatcher was the exception rather than the rule. James Callaghan, Edward Heath, Harold Wilson and Harold Macmillan are more appropriate yardsticks against which to judge the present prime minister. But in their different ways all of those leaders managed to imprint on the nation's consciousness a distinct political identity. Mr Major must do the same.

Spain's Socialists meet today to try and resolve a damaging split, writes Peter Bruce

Once more up to the brink

Mr Felipe Gonzalez is an old hand at brinkmanship. The Spanish premier resigned as leader of the Socialist party in 1979 when it refused to drop Marxist doctrines. He later returned to reclaim. In 1988, he threatened to resign as prime minister if Spain voted in a referendum against staying in Nato. The tactic paid off.

Today, Mr Gonzalez, prime minister for nearly 11 years, may put the gambit to another difficult test. A scandal over allegations that the Socialist illegally funded their 1989 general election campaign has prompted a damaging dispute between Mr Gonzalez and the party apparatus. The premier is once again suggesting that he might be forced to resign from the party leadership.

The party has been shaken by its poor showing in recent opinion polls. Mr Gonzalez was invited to a secret meeting of moderate ministers and regional party leaders last week to hear a series of complaints about the party administration and the government's reluctance to stimulate economic recovery.

As the party executive committee begins a crisis meeting in Madrid this morning, its members are playing, in the words of El Pais, the country's leading newspaper, "not only with their credibility... but probably their very existence". If Mr Gonzalez goes - regarded as unlikely - the Socialists face a heavy defeat in elections which must be held by the end of November. If, instead, senior party officials resign, it could badly hurt the organisation of the campaign.

Either way, the Socialists' dominance of Spanish politics may have been weakened in the past five days. It has all happened very quickly. A month ago the Socialists were just another governing party faltering in the polls ahead of an election. There seemed plenty of time to recover. But it has been a long month. In a poll in El Pais, support for the Socialists dropped to the same level as the conservative Partido Popular. Official statistics, meanwhile, showed that unemployment had risen to a record 3.04m and the economy had fallen into recession.

Worse, tax inspectors confirmed two years of newspaper reports that senior Socialists had run a group of bogus consulting companies through which they received money from big business. The tangle was believed to have helped finance the 1989 election campaign. A few days later Mr Gonzalez was booed at a university campus near Madrid.

Last weekend a Spanish news agency asked him if he planned to seek the resignations of the deputy prime minister, Mr Alfonso Guerra, and his chief administrator, Mr Jose Maria Benegas, over the financing scandal. They deny any personal or party involvement in the affair. No, the prime minister said, "I have not even been tempted to try to personalise this except in regard to myself... As a political leader my job is to take responsibility."

"We will have to trust in the courts because people have a right to know [the truth about the scandal]. But I believe people want us to assume political responsibility." Mr Gonzalez's comments set off a week of furious party infighting. He appeared to imply that if someone did not own up to the scandal and resign, then he might. The prospect worried the financial markets. The Bank of Spain was forced to intervene to support the peseta.

Mr Benegas and Mr Guerra, left-wingers who are contemptuous of the prime minister and his centrist cabinet, saw Mr Gonzalez's statements as a direct threat to their power. Late last Monday, seeking to defend themselves, they released a letter of resignation sent by Mr Benegas to Mr Gonzalez on April 1.

It did not mention the scandal. Instead, it was a strongly worded appeal for support against what he and Mr Guerra, a former deputy prime minister, believe is a conspiracy of moderate ministers to take control of the party. Publication of the letter had the desired effect. The issue - political responsibility for a possible crime - gave way to a call for party unity. Battle lines formed between the party apparatus and the government's moderates, including Mr Gonzalez.

If this is a mess, then Mr Gonzalez is largely to blame. He has ignored the party for years to concentrate on economic management and foreign affairs. Now he cannot even count on a majority on the executive committee.

Should he resign as party leader, he would remain as prime minister but would not stand in the forthcoming election. Without him the Socialists would probably lose heavily.

As a result, most political analysts doubt he will go. But resignations from within the party will also be difficult to secure. The only departure that would have much political effect is Mr Guerra's. But he is a professional political administrator and determined to stay.

A possible solution is a fudge, in which an upright Socialist figure, possibly the young Basque leader Ramon Jauregui, is asked to head a committee of respected figures to "oversee" the current party machine through the elections. A compromise solution, however, would resolve only the problem of party unity and not the financing scandal facing the Socialists. This could become even more damaging as newspapers leak further details of the allegations.

Such considerations could affect the timing of an election. Mr Gonzalez has so far favoured waiting until the last moment - late November - in the hope that the economy recovers. But he may be tempted to act more quickly. On April 20 the prime minister is due to give the state of the nation address to parliament and if the scandal is shoved aside in the interests of party unity today he may use the occasion to call an early general election.

He will certainly be aware that the Socialists cannot afford another week like this. For the first time in a decade it is they, and not the conservatives, who are in disarray. Unless they can put their house in order, they may find their electoral fortunes suffer the same devastating reversal as their French counterparts.

For the first time in a decade the Socialists, not the conservatives, are in disarray

For a business with so much experience of bringing other companies to market, investors in industry (3i) is having considerable difficulty managing its own flotation. And for an organisation with a reputation for sobriety verging on staidness, Britain's largest venture capital company has given its plans to list a surprising air of drama. The unexpected announcement on Thursday that 3i's shareholders had postponed indefinitely plans for a float and that Alan Wheatley, chairman for just a few months, was to resign, was the latest in a long line of setbacks.

The cancellation of the float brings back to the fore an implicit conflict of interest between 3i and its shareholders - principally high street banks and the Bank of England - in the provision of finance to small business. The glacial progress towards the stock market has also ground down the company's chairman. When Sir John Cuckney, Mr Wheatley's predecessor, took the helm five years ago it was assumed that he would steer the company to the market. But bringing the banks into line proved more difficult than expected, causing a frustrated Sir John to step down in 1992 to clear the way for the final push. This was to be led by Mr Wheatley, a former senior partner of Price Waterhouse, the accounting firm.

Now he too has given up in frustration. Sources close to 3i's management suspect the banks have become concerned at the ambitious expansion plans being hatched by the 3i management and decided to delay any action. The company was working on a plan to raise extra capital at the time of the listing; a more aggressive 3i, willing to consider possible mergers with other financial groups, was in prospect.

The difficulties of one company - admittedly a large one - coming to the stock market might be of only passing interest but for 3i's crucial role as a provider of equity and long-term loan finance to small and medium-sized companies. It typically takes a minority stake in small businesses with growth potential and pro-

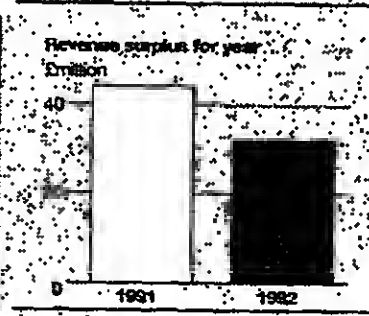
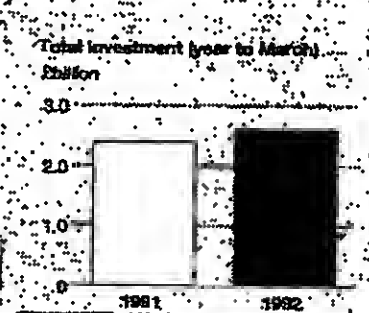
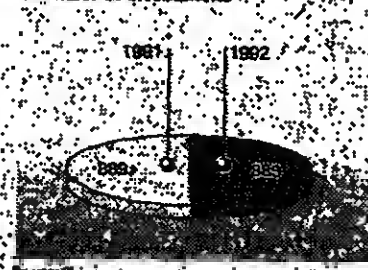
Charles Batchelor on 3i's bumpy road to a market listing

Fear of floating

3i: troubled journey to the market



Alan Wheatley, 3i's outgoing chairman



vides financial resources. The ultimate aim is to enable a stock market listing or to sell the holding to another investor.

Yet so long as 3i's managers are absorbed with the unresolved issue of the flotation they will be diverted from their main task of helping small companies to rebuild their balance sheets at a time when the recession is showing signs of bottoming out.

3i no longer dominates the private equity market in the way it once did. But with more than 4,000 companies in its portfolio, it is still a significant player. Established in 1946 as the Industrial and Commercial Finance Corporation with the backing of the Bank of England and the clearing banks, 3i was set up to help finance the postwar reconstruction of Britain.

For the next three decades 3i grew on the back of shrewd investments and a near monopoly in this sector of the financial markets. It was not until the late 1970s that competition began to stir. During the 1980s Britain developed a vigorous and innovative venture-capital sector with more than 120 active players at its peak.

The story of 3i's move to a public listing goes back nearly 10 years when several of the banks which are its shareholders started to look for ways of selling their holdings in the company. 3i and its shareholders decided to go for a public listing in the form of an investment trust, though at one stage National Westminster Bank considered acquiring all of 3i's shares. Other banks, notably Barclays, objected.

Investment trust status gives significant tax advantages but 3i became embroiled in a lengthy wrangle with the Inland Revenue and it was not until 1990 that the company won official approval to go ahead with the flotation.

It was 3i's misfortune that just when the final obstacles to flotation

were removed the economy slipped into a prolonged recession. Before last Thursday's indefinite postponement the flotation had already been twice delayed in response to stock market conditions. Few observers foresaw the depths of the recession though analysts do question how well 3i and its shareholders responded to the economic climate in preparing for a market listing. Even if the banks had been willing to push ahead 3i might not have found the stock market willing to value its shares very highly.

"I am surprised they ever thought they would be able to float a venture capital company at the end of a recession," commented one analyst. "The small companies which 3i backs have been hardest hit and failure rates will

continue at a high level for some time to come."

The company's approach to the market has been tinged with arrogance, some analysts believe. The share prices of investment trusts specialising in unquoted companies have recently traded at a substantial discount to the value of their net assets. The discount for this sector has remained high throughout the recession and is currently about 30 per cent.

"I thought it could convince the market that it was different to the other investment trusts specialising in unquoted equities and should trade on a smaller discount. But the market didn't believe it," one analyst said.

In any event, 3i's shareholders have

now accepted that they cannot obtain an adequate valuation of the company's assets. "We believe we will get better value if the flotation is deferred," said a spokesman for National Westminster, representing the bank shareholders. "There is no pressure on us to realise our investment. Since 3i is in a position to benefit from the upswing we have decided to wait." Midland, at one stage the bank under most pressure to sell its stake in 3i because of problems with an ill-fated move into the US, now has the backing of HSBC Holdings, parent of the powerful Hong Kong & Shanghai Banking Corporation.

The repeated delays have caused analysts and 3i's rivals in the venture capital market to question whether 3i ever will float. But the shareholders insist it will. "It is still seen as a key part of 3i's long-term development," NatWest said.

But 3i has not only consistently failed to meet its own flotation timetable, it has also fallen out with some of the companies in which it invests. Concerned that a flotation would lead to a neglect of their interests a small group of companies in the 3i portfolio last November set up a group to make sure their voice was heard. Mr Barry Baldwin, chairman of the group, welcomed the decision to delay the float.

But if many of the companies backed by 3i are happy with the latest twist, morale within the group's high rise headquarters near London's Waterloo Station is unlikely to have been improved. The repeated postponements and a tough cost-cutting programme - in part recession induced - to prepare 3i for the market have taken their toll. Staff numbers have been halved to about 650 over the past three years and several branch offices have been closed. After 47 years as an unlisted company, sheltered from short-term performance pressures, it was perhaps inevitable that 3i's move to the stock market would arouse controversy. What could not be foreseen was that the company and its shareholders would develop an unfortunate knack for making things even more difficult for themselves.

Classification problems must not hinder growth of warehouse clubs in UK

From Mr Michael Poyner.

Sir, Jim Lowe (Letters, April 1) sees the American warehouse club "more as a retail discounter than a wholesaler". The format's phenomenal success in the US - 600-plus outlets and about \$40bn of sales in just 10 years - has prompted increasingly heated debate on how to classify the beast. It is a debate which, even before the first UK outlet has opened, has already begun to rage over here.

One thing is clear - a supermarket it is not. Sixty-five per cent of the clubs' sales are to business members and 35 per cent to group/individual members. The clubs, which are closed to non-business members on weekday mornings, sell 1,500 lines of food on 60,000 square feet compared to 10 times the range on half the space in a typical supermarket. The goods, mainly in bulk packs, are offered with minimal service and in whole-sale-type environments to customers who spend, on

average, \$150 per trip. Yet supermarket operators in the US have increasingly felt the clubs to be a threat and it is evident that their British counterparts agree.

It would certainly be unfair to allow a retailer-in-disguise to trade from "cheap" wholesale locations when British supermarket operators have to pay such premiums for their sites. However, restricted-access distributors such as Makro have been trading successfully in the UK for many years and all new forms of fair competition should surely be welcome.

Whatever classification our planning authorities eventually decide to put on the warehouse clubs, it would be a pity were the thrill of the purchase they so popularly afford in the US to be denied to consumers in Britain. Michael Poyner, associate director, Ciba-Mid, 4 Great James Street, London WC1N 3DA

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL. Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Subsidise the labour of the low paid

From Mr Geoff Beaton.

Sir, I understand Prof Snowdon's frustration in seeing the government implement a job subsidy scheme which may destroy as many jobs as it creates ("Job subsidy pioneer hits at schemes", April 1).

However, the need to prevent substitution between subsidised and non-subsidised jobs

is clearly a difficulty with his proposals. Another method is to subsidise the labour of the low-paid. This would boost demand for low-paid labour without generating inflationary forces at the more affluent end of the economy.

A convenient method for implementing such a scheme would be to raise the nominal

VAT rate and give each employer a subsidy for each worker employed. This has the effect of subsidising goods and services that use a lot of labour and taxing those that do not.

Using a simple model of the economy I estimate that reducing unemployment by 2m would imply net subsidies to the most labour intensive

industries of about 40 per cent of their value added and net taxes to the least labour intensive enterprises (eg petrochemicals) of about 20 per cent. Average prices do actually fall because savings on unemployment are fed into the system. Geoff Beaton, 36 Belle Vue Street, York YO1 5AY

Pension obligations of contractors after privatisation

From Mr John Sheldon.

Sir, David Goodhart ("Pensions blow to government contracting out plans", April 5) is right to stress the significance of the obligation on contractors to offer comparable pensions when staff are transferred from the public to the private sector.

The impact on contractors' costs are obvious. A few years ago a Treasury document, Using Private Enterprise in

Government, admitted: "Most of the savings from contracting out arise because contractors offer poorer conditions of employment... The difference in total labour cost may typically be of the order of 25 per cent. Pensions are the main element in it."

Two recent industrial tribunals signalled a change in the legal interpretation of Transfer of Undertakings (TUPE) regulations in relation to pensions.

Even in May 1992 the Treasury warned departments that, regardless of TUPE, "Under the Employment Protection (Consolidation) Act 1978, the terms and conditions of employment under the new employer must be broadly comparable to those in the old... This means that the pension scheme must offer broadly comparable payments."

However, the real lesson to be drawn is that ministers have allowed ideology, not the law, to frame the approach taken with departments and contractors, despite having had adequate legal advice from government lawyers.

I hope the pathetic saga of ministers attempting to reinterpret the law in relation to contracting-out will now end. John Sheldon, general secretary, NUCPS, 124/130 Southwark Street, London SE1 0TU

Defer to the text for proof of Duncan's saintliness

From Lord McCarty.

Sir, Malcolm Rutherford asks (Arts): "Macheth with no scruples". April 3i why English producers accept Duncan as "someone close to sainthood". He suggests that it could be due to a "curious act of national deference".

What about a respect for Shakespeare's text? After all, Macheth tells us: "... this Duncan Hath borne his faculties so meek, hath been

So clear in his great office, that his virtues Will plead like angels, trumpet-tongued, against The deep damnation of his taking-off."

One can only pity any actor who had to deliver these lines after a scene in which the old King mimed "a pass at Lady Macheth" - as suggested by your critic. McCarty, House of Lords, London SW1A

When a secretary deserves a manager's rate of pay

From M Callender.

Sir, I was interested in your article titled "Secretaries are undervalued" (March 30). While I agree that this is the case, I have no objections to managers making use of the new technology and secretaries doing research etc.

Surely, however, each should be paid different rates for the proportion of their time spent on the different tasks that they

perform. The savings on the proportion of the time that managers are paid at the rate of a typist/secretary when doing basic tasks would enable the secretary's rate to be increased for the proportion of her/his time that is spent doing research etc. M Callender, 36 Broadlake, Willaston, South Wirral

COMPANY NEWS: UK

Ronson family faces loss of control if creditors approve deal

Banks agree Heron refinancing

By Richard Gourlay

BANKERS TO Heron International have agreed terms of a £1.4bn debt restructuring that should allow the property and trading group, founded by Mr Gerald Ronson, to avoid insolvency proceedings.

Some 15,000 holders of the bearer bonds will receive the proposals within 28 days and will be asked to approve the restructuring at creditor meetings in June.

If the deal is approved, control of the group will pass from Ronson family interests and its charitable trust. The banks will end up with 43 per cent of the equity and bondholders 52 per cent, diluting existing shareholders to a 5 per cent stake.

In addition, banks and bondholders will receive 30p in the pound in senior sterling denominated debt and 7p in

the pound in junior debt. The restructuring plan envisages the sale of Heron's property interests by March 1997. But repayment of the senior debt will only be possible if there is a modest improvement in the property market. Repayment of the junior debt will require a more substantial improvement.

Once the junior and senior debt has been repaid - about £382m - the Heron management will be able to exercise options that could give them a 25 per cent stake in a revamped group. Heron management will not receive cash bonuses for hitting debt repayment targets, as had been proposed.

Mr Ronson has also succeeded in maintaining direct family control of the service station business from which he built his property and trading empire 30 years ago. An investor



Gerald Ronson: will retain service station business

group controlled by Ronson family trusts will buy 24 service stations from Heron. The investor group has not, however, been allowed to buy the Heron Suzuki franchise.

Heron has also provided a further £100m of provisions against the value of its Spanish property portfolio and foreign exchange losses.

As a result, the group's net worth, as of March 1992, rose to £328m from positive net assets of £585m in March 1991. After the debt for equity swap, pro forma net assets were about £10m, but will have fallen further.

Before the restructuring, the company's value had been hit by a £200m write-down in the European property portfolio, leaving it at about £700m, and £200m in US properties. A further £400m of reductions includes £77m from UK house-building, which is up for sale; the write-off of Heron's interest in Control Securities; the cost of cancelling currency and interest rate swaps; and a £35m provision for the £50m cost of the restructuring.

Concern over domino effect from Lelliott collapse

By Jane Fuller

THE COLLAPSE of John Lelliott, one of the UK's largest privately-owned construction groups, has raised fears about a domino effect on some of the sub-contractors.

The Lelliott group owes about £36m to trade creditors, £7m to Barclays Bank and another £11m in tax and wage bills, according to preliminary estimates from the receivers. Mrs Elisabeth Huxtable, general manager of the Confederation of Construction Specialists, expressed shock at the size of the trade debt. The experience of sub-contractors in this situation was that "anything they are owed they are likely to lose".

Because of the level of payments retained by main contractors, she was particularly concerned about sub-contractors, "who are just about to complete and who have not been getting paid".

The confederation is lobbying for contract money to be held in trusts, instead of being absorbed into the main contractor's account. "If it were put into a separate account with trust status, it would be safe if the main contractor went under," she said.

The John Lelliott group, based in Raynes Park, south-west London, suffered a substantial drop in turnover from £240m in 1989/1990, when it produced £5.8m profit, to about £126m last year, when it incurred a small loss.

Its problem areas included the Point West project in west London, on which it is believed to have lost £10m when the developer, Land & Property Trust, went into liquidation. While its own Stone Group subsidiary went into receivership in February before being bought by Peter Cox Group.

Although the whole Lelliott group is insolvent, the administrative receiverships announced on Thursday affect John Lelliott Construction and eight other subsidiaries. Mr Malcolm London and Mr Christopher Hughes, from Coopers & Lybrand, have been appointed.

The bank could only call them into companies over which it had a floating charge, and these account for the bulk of the group's £44m liabilities. At another 20 or so, the bank racks alongside other unsecured creditors.

Mortgage indemnity losses keep Sun Alliance in red

By Richard Lepper

FURTHER LOSSES from domestic mortgage indemnity insurance kept Sun Alliance in the red for the third consecutive year.

However, milder weather, premium rate increases and more selective underwriting helped to reduce the pre-tax loss for 1992 to £129.6m.

The result was a marked improvement on the £466.2m deficit in 1991, and prospects of a return to profit this year led the group to maintain its final dividend at 9p for a same-again 14.25p total.

Even so the loss, coupled with the cost of the dividend and a £150m write-down of property investments, further weakened the balance sheet. Net assets fell to £1.55bn (£1.63bn) and solvency (net

assets as a percentage of non-life premium income) was reduced by 15 points to 54 per cent. Solvency amounted to 129 per cent at the end of 1992.

Premium income from general business increased to £3.13bn (£2.88bn). Life premiums rose to £1.3bn (£1.02bn) while underwriting losses amounted to £547.6m (£833.5m), mainly because of a reduction in domestic mortgage indemnity (DMI) business losses to £136.4m (£319.6m). The loss was partially offset by life assurance profits of £62m (£54.3m) and investment income of £356m (£313m).

Mr Scott Nelson, general manager, said he expected a "further substantial loss" from DMI in 1993, although repossessions and average claims costs were falling - to £12,500 compared with £15,000. DMI claims reserves had

risen to £428m (£357m). Some £281m (£262m) was earmarked for outstanding claims, with a further £147m (£95m) in unearned premium reserves. Last year £170m was paid in claims, twice 1991's level.

Underwriting losses from insurance increased to £245m (£222m). The IRA bomb in the City last year left the group with net losses of £39m. Liability business also incurred significant losses, with reserves strengthened on employers' liability and professional indemnity losses from marine business amounted to £74m (£50m).

Sun's Danish operation, which was expanded last week by the acquisition of Hafnia, was profitable. The purchase will increase the business generated from the Continent to 23 per cent, but it knocked another 4 points off solvency.

MTM in talks with SFO over shortfall

By Richard Gourlay

MTM, the specialty chemical company that saw its share price collapse last year, has confirmed that it is co-operating with a Serious Fraud Office investigation into the circumstances surrounding the shortfall in its 1991 profits.

The company said it was "co-operating fully with the SFO and the North Yorkshire police in an investigation being carried out concerning matters relating to that shortfall."

Mr Richard Lines, the founder and chair-

man of MTM, resigned from the company in March last year after two profit warnings within the space of one week.

Soon after taking over as chief executive, Mr Ken Schofield said MTM had forwarded a report by auditors Binder Hamlyn to the SFO.

The report revealed transactions that were "incorrectly recorded" in 1991 and the previous year which had boosted sales and possibly profits, Mr Schofield said. After seeing the report the SFO had originally said it did not believe the matter warranted its attention.

MTM was announcing a breakthrough in its refinancing arrangements. The group's banks have agreed to convert £40m of its £100m debt into 80 per cent of the enlarged ordinary equity of the group at a price of 11p per share.

The proposals would include provision of three years banking facilities to MTM. MTM also warned that the first half of 1993 had been affected by continuing financial pressures and difficult trading conditions.

Directors' pay doubled at Hillsdown

By Jane Fuller

HILLSDOWN Holdings, the food group which made a retained loss of nearly £90m last year, paid its directors twice as much as in 1991.

The increase in their remuneration from £2.1m to £4m last year included a £490,000 bonus for Mr David Newton, chief executive, bringing his total pay to £752,000.

The company said the bonus was for five years' "performance related services" in

Canada, mainly working on Maple Leaf Foods.

He had been sent there for six months in 1987, when he was "grossly underpaid compared with Canadian counterparts. He ended up staying until 1992, by which time his pay had tripled - albeit from a low base - and £330,000 (£193m) had been turned into £2,200m cash.

Mr Newton was one of three Hillsdown executives paid more than £300,000 last year whereas only one achieved that level in 1991. Six were

paid more than £265,000, compared with three the previous year.

Apart from higher levels of pay, the total bill was pushed up by greater numbers on the board - 12 instead of nine.

It was a year of change. Sir Harry Solomon, co-founder and chairman, devolved the chief executive role to Mr Newton and announced that Sir John Nott, joint deputy chairman, would become executive chairman at the forthcoming annual meeting on April 29.

There was also a change of

finance director; and Mr Barry Legg, company secretary, left the board - with a £300,000 severance payment - after becoming Tory MP for Milton Keynes South West.

The management shake-up has accompanied a move to sell or close less profitable parts of the group, shedding about 10 per cent of its £4.37bn turnover.

A £93.3m extraordinary provision was made in the 1992 results to cover the reorganisation. Pre-tax profits fell 17 per cent to £154.1m.

GPA suffers further ratings downgrade

GPA Group, the financially-troubled Irish financial services company, has suffered a further downgrade in ratings by the Moody's agency.

About £1.8bn of debt has been downgraded to Caa from B1, which was already in the speculative rather than investment grade.

Moody's said the change

reflected the uncertain outcome of the company's financial restructuring negotiations with aircraft manufacturers, lenders, and shareholders. It was concerned that efforts to restructure GPA financially could be jeopardised if shareholders failed to come up with \$200m in new equity, or if new shareholders were not found to fill the gap.

Dowding and Mills falls 40% to £1.8m

By Catherine Milton

DOWDING AND Mills, the electrical and mechanical repair company, returned pre-tax profits of £1.77m for the half year ended December 31. That was a downturn of 40 per cent on the corresponding period's £2.93m.

Turnover from continuing operations fell by more than £1m to £36.9m, but increased to £41.2m taking in the US acquisition last July which contributed £4.2m.

The company has adopted the FR33 accounting rules with 1991 figures being restated.

A £628,000 provision was made for the stake the company acquired following an abortive bid for Torday & Carlisle, the Newcastle-based engineer, the value of which has

since declined. A second provision of £380,000 was made for the cost of some 30 redundancies.

The company said it had maintained operating margins at above 6 per cent in spite of a 26 per cent fall in operating profits.

Interest payable rose to £421,000 (£383,000) reflecting a change in the mix of funding and because the reduction in UK interest rates did not coincide with the period being reported.

Gearing fell from 22.8 per cent to 19.7 per cent due to lower capital spending and tight cash control, directors said.

The interim dividend is being maintained at 0.92p and is payable from earnings per share of 0.61p compared with 1.29p.

Stellar acquisition behind trebled profits at Ross

By Nathalie Lemoine

ROSS GROUP, the expanding consumer products and technical services company, trebled pre-tax profits from £1.29m to £3.68m in 1992.

The first full-year contribution from Stellar, the car alarm, battery charger and power supplies group acquired late in 1991, accounted for two thirds of the growth, said Mr Noel Hayes, chairman.

Some 66 per cent of profits came from consumer products and 34 per cent from technical services.

Turnover more than doubled to £51.5m (£22.3m), with exports accounting for about 12.6 per cent.

Debt was £7.2m (£4.1m) at the year end. Gearing was reduced to 44 per cent, compared with 500 per cent in 1989.

Earnings per share improved from 1.96p to 2.45p. A recommended final dividend of 0.45p lifts the total to 0.65p (0.45p).

Pittencrieff urges Aberdeen shareholders to accept bid

By Peggy Hollinger

PITTENCRIEFF, the acquisitive natural resources and communications company, is urging its shareholders to "participate in success" with its £7.7m all-share bid.

Mr Terry Heneghan, chief executive, drew attention to Pittencrieff's track record in the offer document published on Thursday.

"It has increased cash flow, earnings and net assets per share in each year between 1988 and 1991 and dividends began in 1990," the document read. Aberdeen, on the other hand, had an erratic earnings record and had paid no dividends since its introduction to the UK in 1988.

Pittencrieff is offering two of its shares for every 49 of Aberdeen's. This values shares at Aberdeen at 15p, against a close on Thursday of 15.7p. Pittencrieff closed steady at 36p.

DIVIDENDS ANNOUNCED					
Company	Current payment	Date of payment	Current dividend	Total for year	Total last year
Bockman (A)	1.2	June 9	1.63	18.9	4.78
Billion	10.2	July 26	12.33	1	1
Chepstow	1.1	June 11	1.1	1	1
Dowding & Mills	0.92p	May 19	0.92	2.5	1.75
F&C Pacific Inv	1.2	May 28	1.1	0.1	5.4
Magnolia	0.1	May 28	0.65	0.45	0.45
Ross	0.45	July 15	0.3	14.25	14.25
Sun Alliance	9	July 1	9	5	7.9
TSW	3	May 4	3	5	7.9

Dividends shown pence per share net except where otherwise stated. * On increased capital. SUSM stock. † For 17 months.

LONDON RECENT ISSUES

EQUITIES									
Stock	Price	Change	High	Low	Open	Close	Vol	Net	Div
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0

FIXED INTEREST STOCKS

FIXED INTEREST STOCKS									
Stock	Price	Change	High	Low	Open	Close	Vol	Net	Div
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0

RIGHTS OFFERS

RIGHTS OFFERS									
Stock	Price	Change	High	Low	Open	Close	Vol	Net	Div
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0

TRADITIONAL OPTIONS

TRADITIONAL OPTIONS									
Stock	Price	Change	High	Low	Open	Close	Vol	Net	Div
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0
100 F.F.	102	1	103	101	102	102	100	1.0	1.0

Bilton improves to £17.7m

BILTON, the property investor and construction company, reported pre-tax profits ahead from £17.4m to £17.7m for 1992. This followed a 7 per cent rise to £8.8m at the interim stage.

Turnover on trading activities fell from £17m to £10.4m while profit on ordinary activities, which included trading and investment, showed a marginal decline from £21.7m to £21.6m.

A partial professional valuation of the group's portfolio showed a total of £352.22m against £347.27m. The estimated net asset value per share (excluding the trading division's operations) was 73p, compared with 73p.

The total dividend is increased to 18.5p (18p) with a final of 13.33p. Earnings per share were 28.3p (27.7p).

Reduced losses at Carlisle

Carlisle Group, the property services company, reported a reduced loss of £946,945 pre-tax for the year to December 31.

The outcome, which came from reduced turnover of £5.15m (£5.03m), compared with a deficit



ECONOMIC DIARY

TODAY: Summit of the South Asian Association for Regional Co-operation in Dhaka (until April 11). National Union of Teachers hold conference in Brighton (until April 24).

MONDAY: Easter holiday. Oil ministers from Opec and independent oil producing states meet in Dubai to discuss production levels (until April 13). Romanian drivers unions plans two hour warning strike and protest marches to press for higher price and pay restraint. NASUWT conference in Bournemouth (until Friday).

TUESDAY: Central Statistical Office gives producer price index numbers (March). US retail sales (March). European Community monetary committee meets in Brussels to discuss final draft of review of Exchange Rate Mechanism. Third UN arms reduction talks begin in Kyoto (until April 16). Mr Teodor Melescanu, Romanian foreign minister, heads official delegation for talks with European Community and Danish officials in Copenhagen.

WEDNESDAY: Group of Seven foreign and finance ministers meet in Tokyo to try to map out ways to help Russia (until April 15). Central Statistical Office issues index of production (February). US business inventories (February).

THURSDAY: Capital issues and redemptions (March) from the Bank of England. Central Statistical Office publishes figures for machine tools (February) and retail sales (re-based long-run data). US jobless claims. West African leaders meet in Abuja to discuss regional intervention force in Liberia. Deadline for UN Security Council review on the Lockerbie affair. Mr Jacques Delors, European Commission president, visits Swedish parliament.

FRIDAY: Usable steel production figures for March from British Steel/BISPA and retail prices index and tax and price index (March) from the Central Statistical Office. US merchandise trade (February). Strike action threatened by RMT and Aslef. Mr Kiichi Miyazawa, Japanese prime minister, visits Washington for talks with Mr William Clinton, US president.

LIFFE EQUITY OPTIONS

Option	CALLS	PUTS	Option	CALLS	PUTS	Option	CALLS	PUTS
Ad Lyons	550 7 29 42 5 38 38		BAA	750 45 59 74 8 22 30		Beam	550 52 72 80 22 25 31	
Ad Lyons	600 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55		Bell	550 27 48 58 45 48 61	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55		Bell	550 27 48 58 45 48 61	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55		Bell	550 27 48 58 45 48 61	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55		Bell	550 27 48 58 45 48 61	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55		Bell	550 27 48 58 45 48 61	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55		Bell	550 27 48 58 45 48 61	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55		Bell	550 27 48 58 45 48 61	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55		Bell	550 27 48 58 45 48 61	

TRADITIONAL OPTION 3-month call rates

Option	CALLS	PUTS	Option	CALLS	PUTS
Ad Lyons	550 7 29 42 5 38 38		BAA	750 45 59 74 8 22 30	
Ad Lyons	600 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55	
Ad Lyons	750 1 11 21 51 65 71		BAT Inds	800 18 32 47 36 47 55	

FT FIXED INTEREST INDICES

Index	Value	Index	Value
Ad Lyons	550 7 29 42 5 38 38	BAA	750 45 59 74 8 22 30
Ad Lyons	600 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55

COMMODITIES

WEEK IN THE MARKETS

Copper takes a severe hammering

THE BATTERING which most base metal prices have taken from the recession finally caught up with the copper market this week.

Prices showed signs of things to come on the London Metal Exchange on Monday, when three-month copper fell below support at \$2.155-\$2.160 a tonne and touched five-week lows. But dealers were looking for fresh support at \$2.130, although they believed falls to \$2.100 were possible.

In the event, copper closed on Tuesday at \$2.090 a tonne - a fall of \$0.040 a tonne on the day. Analysts blamed substantial selling from the Far East and China for forcing the market down so sharply. The Chinese have previously been in the market as buyers.

Mr Neil Buxton, of Metal Bulletin Research, said copper had been defying economic gravity since the recession began, and had had the greatest potential of all the base metals for decline. But every time the price seemed under threat, an interruption to supplies or Chinese buying had come to the rescue.

It appeared unlikely that rescue would be at hand this time, he suggested. Stocks were rising, and there were no supply problems.

On Wednesday the rout in the copper market continued. In after hours trading three-month metal fell below the psychologically important \$2,000-a-tonne level. In three days the market had fallen \$185 or 8.5 per cent.

On New York's Commodity Exchange (Comex) the active May contract bit the lowest level seen since the contract began trading in 1988 - 86.95 cents a lb. "It's technically oversold, but I don't see anybody wanting to step in front of this," a New York analyst told the Reuters news agency.

LME traders were expecting Wednesday to be volatile as options were declared. In the event about 5,700 lots of "put" options - equivalent to more than 143,000 tonnes of copper - were exercised.

Although this was an unusually large number, Mr William Adams, analyst with Rudolph Wolff, said it was "in the price". Brokers had seen the copper price retreating from \$2,400 at the beginning of the year and had acted to manage the risk.

In the longer term, according to Mr Lawrence Eagles of GNI, the London futures brokers, it should be remembered that copper production will not be reined in until prices fall below 70 cents a lb. He pointed out that Chilean producers have a marginal cost around 35 cents a lb, and will continue to expand production.

On Thursday LME copper remained volatile. Japanese buying in early trading took the market up to \$2,055 a tonne, but further Chinese sales eroded the gains. It closed at \$2,016 a tonne.

Copper is still traded in sterling on the LME. Cash copper closed on Thursday at £1,305.50 a tonne, down £105.50 on the week.

Two studies of the aluminium industry warned on Monday of a lack of primary aluminium smelters that will leave the supply-demand balance very tight by 1996, forcing prices up to high levels. Both suggested that a price of 75 cents a lb (US\$1,633 a tonne) was needed before the go-ahead for any new smelters would be given.

Prices are very far from that level at the moment, and any tightness of supply also seems a long way off in a week when LME warehouse stocks advanced by 18,000 tonnes to a record 1,754,425 tonnes. Three-month aluminium touched a new 16-month of \$1,125 a tonne (51 cents a lb) on Wednesday after Tuesday's The three-month aluminium price closed on Thursday at \$1,140.50, down \$6.75 on the week.

Zinc and lead, however, have been supported by news of production cuts in Canada and Mexico which analysts estimated would remove about 110,000 tonnes of refined zinc and 74,000 tonnes of lead from the market this year.

Empresas Frisco de Mexico has suspended operations at its Real de Angeles zinc-lead-silver mine and Carrage Resources has stopped producing concentrates at its Faro mine in the Yukon. These follow recent reductions by MM, Pasminco, Cominco and Noranda.

Mr Buxton, of Metal Bulletin Research, suggested that lead had reached a turning point after the recent decline. Cash lead closed on Thursday at £282 a tonne, a rise of \$8 on the week.

Next week London Fox is expected to announce major changes to its raw sugar market. Its present contract traded just 1,399 lots last month.

David Blackwell

FT-ACTUARIES FIXED INTEREST INDICES

Index	Value	Index	Value
Ad Lyons	550 7 29 42 5 38 38	BAA	750 45 59 74 8 22 30
Ad Lyons	600 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55
Ad Lyons	750 1 11 21 51 65 71	BAT Inds	800 18 32 47 36 47 55

YOU'LL FIND DAILY FT COMMENT ON FAR MORE THAN FINANCE.

Our week begins with a regular Architecture feature and the MONDAY in-depth interview with a leading figure from the business world, politics or the arts. Monday is also Diary Day, so you can look ahead to what the business, parliamentary and financial week has in store.

The Technology and Management pages are regular features. On TUESDAY our Management page focuses on The Growing Business and we highlight Business and the Law.

On WEDNESDAYS, you will find pages of top management positions on offer (non-financial as well as financial). We also take our weekly look at Business and the Environment.

In THURSDAY'S FT we focus on, among other things, Accountancy, Marketing and Advertising.

On FRIDAYS, it's the turn of Industrial and Commercial Property.

As you can see, you'll find far more than you may think in the pink pages. Pick up a copy of Monday's paper and get your FT comment daily.

FINANCIAL TIMES MAGAZINES

Subscribe to the Investors Chronicle today and receive a FREE book on the basics of investment

— plus four free issues of the magazine —

"Highly recommended...informative, comprehensive and readable." **Lord Hanson** *Chairman Hanson Plc*

"A clear, jargon-free guide to every aspect of investment in the City" **The Independent**

"The best guide for the total novice" **Financial Times**

What is it that makes the **Investors Chronicle Beginners' Guide to Investment** so special? A must for all investors, **Beginners' Guide** is packed with vital information on the markets. The **Financial Times** review called it "the best guide for the total novice," but added that "More experienced investors might still benefit."

Investors Chronicle Beginners' Guide to Investment is split into three sections covering the main aspects of finance and investment.

Part One. CITY MARKETS. What does the City do and how do the different markets work?

Part Two. HOW TO INVEST. What are the individual investor's choices and how do you decide what's right for YOU?

Part Three. INDIVIDUAL COMPANIES. The nitty-gritty of investing in shares. How to tell the winners from losers.

Finally the book rounds off with valuable appendices on tax, investors' rights and choosing a stockbroker, plus comprehensive tables.

The book is the perfect introduction to a subscription to **Investors Chronicle**.

Getting in ahead of the pack is the key to successful investment, as professionals know. But private investors have to be very canny to manage this. **Investors Chronicle** is published by the **Financial Times**. So you can be confident that by reading **Investors Chronicle** each week you will be amongst the first to spot profitable market trends.

Don't delay, fill in the order form below and qualify for your **FREE COPY** of **Investors Chronicle Beginners' Guide to Investment** **PLUS 4 free issues of Investors Chronicle**, the essential weekly magazine published by the **Financial Times**

INVEST IN THE CHRONICLE SPECIAL OFFER SUBSCRIPTION FORM

Please return to:

F.T. Magazines,
Subscriptions Department,
1st Floor, Central House,
27 Park Street, FREEPOST
Croydon CR9 9ER England.

☐ YES, Please enrol me in your trial subscription offer to **Investors Chronicle**. I understand that I will receive my first four issues absolutely free. Thereafter, I will receive my first year's subscription at the normal rate. If I cancel within 4 weeks any money I pay out will be refunded in full.

Signature _____
Date _____

Please enrol me as below:

☐ £77 UK (inc.N. Ireland)

☐ £92 Europe (letter rate) R. of Ireland (at local currency equivalent)

☐ £111 Rest of World

☐ I enclose a cheque payable to F.T. Business Enterprises Ltd.

☐ Please invoice me/my company

☐ I wish to pay by credit card.

☐ Please debit my account.

☐ Visa ☐ Access ☐ Amex ☐ Others

Card No. _____

Signature _____

Expiry date _____

F.T. Business Enterprises Ltd. Registered office: Number One Southwark Bridge, London SE1 9HL. Registered in England No. 980896

BLOCK CAPITALS PLEASE

Mr/Ms/Miss _____

Job Title _____

Company/Private Address _____

Country _____

Nature of Business _____

INVESTORS CHRONICLE is a trademark of the Financial Times Group.

As a result of responding to this advertisement, your name might be added to a mailing list. This may be used to keep you informed of other FTBI products and may also be used by third parties to send you other offers in the future. If you prefer not to receive such offers, please write to the above Subscriptions Dept. (Data Protection Act 1984 - Reg. D0789 026). The price of stockmarket investments can go down as well as up. Past performance is not a guide to future performance.

FT MANAGED FUNDS SERVICE[illegible]

Continued on next page

● Current Unit Trust prices are available on FT Cityline. Calls charged at 12 pence per minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 873 4378.

هكذا من الأصيل

FT MANAGED FUNDS SERVICE[illegible]

FINANCIAL TIMES WEEKEND APRIL 10/APRIL 11 1993

151	SGA A	123
152	SGA B	75
153	A	75
154	B	75
155	SGA	75
156	SGA	75
157	SGA	75
158	SGA	75
159	SGA	75
160	SGA	75
161	SGA	75
162	SGA	75
163	SGA	75
164	SGA	75
165	SGA	75
166	SGA	75
167	SGA	75
168	SGA	75
169	SGA	75
170	SGA	75
171	SGA	75
172	SGA	75
173	SGA	75
174	SGA	75
175	SGA	75
176	SGA	75
177	SGA	75
178	SGA	75
179	SGA	75
180	SGA	75
181	SGA	75
182	SGA	75
183	SGA	75
184	SGA	75
185	SGA	75
186	SGA	75
187	SGA	75
188	SGA	75
189	SGA	75
190	SGA	75
191	SGA	75
192	SGA	75
193	SGA	75
194	SGA	75
195	SGA	75
196	SGA	75
197	SGA	75
198	SGA	75
199	SGA	75
200	SGA	75
201	SGA	75
202	SGA	75
203	SGA	75
204	SGA	75
205	SGA	75
206	SGA	75
207	SGA	75
208	SGA	75
209	SGA	75
210	SGA	75
211	SGA	75
212	SGA	75
213	SGA	75
214	SGA	75
215	SGA	75
216	SGA	75
217	SGA	75
218	SGA	75
219	SGA	75
220	SGA	75
221	SGA	75
222	SGA	75
223	SGA	75
224	SGA	75
225	SGA	75
226	SGA	75
227	SGA	75
228	SGA	75
229	SGA	75
230	SGA	75
231	SGA	75
232	SGA	75
233	SGA	75
234	SGA	75
235	SGA	75
236	SGA	75
237	SGA	75
238	SGA	75
239	SGA	75
240	SGA	75
241	SGA	75
242	SGA	75
243	SGA	75
244	SGA	75
245	SGA	75
246	SGA	75
247	SGA	75
248	SGA	75
249	SGA	75
250	SGA	75
251	SGA	75
252	SGA	75
253	SGA	75
254	SGA	75
255	SGA	75
256	SGA	75
257	SGA	75
258	SGA	75
259	SGA	75
260	SGA	75
261	SGA	75
262	SGA	75
263	SGA	75
264	SGA	75
265	SGA	75
266	SGA	75
267	SGA	75
268	SGA	75
269	SGA	75
270	SGA	75
271	SGA	75
272	SGA	75
273	SGA	75
274	SGA	75
275	SGA	75
276	SGA	75
277	SGA	75
278	SGA	75
279	SGA	75
280	SGA	75
281	SGA	75
282	SGA	75
283	SGA	75
284	SGA	75
285	SGA	75
286	SGA	75
287	SGA	75
288	SGA	75
289	SGA	75
290	SGA	75
291	SGA	75
292	SGA	75
293	SGA	75
294	SGA	75
295	SGA	75
296	SGA	75
297	SGA	75
298	SGA	75
299	SGA	75
300	SGA	75
301	SGA	75
302	SGA	75

151	SGA A	123
152	SGA B	75
153	A	75
154	B	75
155	SGA	75
156	SGA	75
157	SGA	75
158	SGA	75
159	SGA	75
160	SGA	75
161	SGA	75
162	SGA	75
163	SGA	75
164	SGA	75
165	SGA	75
166	SGA	75
167	SGA	75
168	SGA	75
169	SGA	75
170	SGA	75
171	SGA	75
172	SGA	75
173	SGA	75
174	SGA	75
175	SGA	75
176	SGA	75
177	SGA	75
178	SGA	75
179	SGA	75
180	SGA	75
181	SGA	75
182	SGA	75
183	SGA	75
184	SGA	75
185	SGA	75
186	SGA	75
187	SGA	75
188	SGA	75
189	SGA	75
190	SGA	75
191	SGA	75
192	SGA	75
193	SGA	75
194	SGA	75
195	SGA	75
196	SGA	75
197	SGA	75
198	SGA	75
199	SGA	75
200	SGA	75
201	SGA	75
202	SGA	75
203	SGA	75
204	SGA	75
205	SGA	75
206	SGA	75
207	SGA	75
208	SGA	75
209	SGA	75
210	SGA	75
211	SGA	75
212	SGA	75
213	SGA	75
214	SGA	75
215	SGA	75
216	SGA	75
217	SGA	75
218	SGA	75
219	SGA	75
220	SGA	75
221	SGA	75
222	SGA	75
223	SGA	75
224	SGA	75
225	SGA	75
226	SGA	75
227	SGA	75
228	SGA	75
229	SGA	75
230	SGA	75
231	SGA	75
232	SGA	75
233	SGA	75
234	SGA	75
235	SGA	75
236	SGA	75
237	SGA	75
238	SGA	75
239	SGA	75
240	SGA	75
241	SGA	75
242	SGA	75
243	SGA	75
244	SGA	75
245	SGA	75
246	SGA	75
247	SGA	75
248	SGA	75
249	SGA	75
250	SGA	75
251	SGA	75
252	SGA	75
253	SGA	75
254	SGA	75
255	SGA	75
256	SGA	75
257	SGA	75
258	SGA	75
259	SGA	75
260	SGA	75
261	SGA	75
262	SGA	75
263	SGA	75
264	SGA	75
265	SGA	75
266	SGA	75
267	SGA	75
268	SGA	75
269	SGA	75
270	SGA	75
271	SGA	75
272	SGA	75
273	SGA	75
274	SGA	75
275	SGA	75
276	SGA	75
277	SGA	75
278	SGA	75
279	SGA	75
280	SGA	75
281	SGA	75
282	SGA	75
283	SGA	75
284	SGA	75
285	SGA	75
286	SGA	75
287	SGA	75
288	SGA	75
289	SGA	75
290	SGA	75
291	SGA	75
292	SGA	75
293	SGA	75
294	SGA	75
295	SGA	75
296	SGA	75
297	SGA	75
298	SGA	75
299	SGA	75
300	SGA	75
301	SGA	75
302	SGA	75

151	SGA A	123
152	SGA B	75
153	A	75
154	B	75
155	SGA	75
156	SGA	75
157	SGA	75
158	SGA	75
159	SGA	75
160	SGA	75
161	SGA	75
162	SGA	75
163	SGA	75
164	SGA	75
165	SGA	75
166	SGA	75
167	SGA	75
168	SGA	75
169	SGA	75
170	SGA	75
171	SGA	75
172	SGA	75
173	SGA	75
174	SGA	75
175	SGA	75
176	SGA	75
177	SGA	75
178	SGA	75
179	SGA	75
180	SGA	75
181	SGA	75
182	SGA	75
183	SGA	75
184	SGA	75
185	SGA	75
186	SGA	75
187	SGA	75
188	SGA	75
189	SGA	75
190	SGA	75
191	SGA	75
192	SGA	75
193	SGA	75
194	SGA	75
195	SGA	75
196	SGA	75
197	SGA	75
198	SGA	75
199	SGA	75
200	SGA	75
201	SGA	75
202	SGA	75
203	SGA	75
204	SGA	75
205	SGA	75
206	SGA	75
207	SGA	75
208	SGA	75
209	SGA	75
210	SGA	75
211	SGA	75
212	SGA	75
213	SGA	75
214	SGA	75
215	SGA	75
216	SGA	75
217	SGA	75
218	SGA	75
219	SGA	75
220	SGA	75
221	SGA	75
222	SGA	75
223	SGA	75
224	SGA	75
225	SGA	75
226	SGA	75
227	SGA	75
228	SGA	75
229	SGA	75
230	SGA	75
231	SGA	75
232	SGA	75
233	SGA	75
234	SGA	75
235	SGA	75
236	SGA	75
237	SGA	75
238	SGA	75
239	SGA	75
240	SGA	75
241	SGA	75
242	SGA	75
243	SGA	75
244	SGA	75
245	SGA	75
246	SGA	75
247	SGA	75
248	SGA	75
249	SGA	75
250	SGA	75
251	SGA	75
252	SGA	75
253	SGA	75
254	SGA	75
255	SGA	75
256	SGA	75
257	SGA	75
258	SGA	75
259	SGA	75
260	SGA	75
261	SGA	75
262	SGA	75
263	SGA	75
264	SGA	75
265	SGA	75
266	SGA	75
267	SGA	75
268	SGA	75
269	SGA	75
270	SGA	75
271	SGA	75
272	SGA	75
273	SGA	75
274	SGA	75
275	SGA	75
276	SGA	75
277	SGA	75
278	SGA	75
279	SGA	75
280	SGA	75
281	SGA	75
282	SGA	75
283	SGA	75
284	SGA	75
285	SGA	75
286	SGA	75
287	SGA	75
288	SGA	75
289	SGA	75
290	SGA	75
291	SGA	75
292	SGA	75
293	SGA	75
294	SGA	75
295	SGA	75
296	SGA	75
297	SGA	75
298	SGA	75
299	SGA	75
300	SGA	75
301	SGA	75
302	SGA	75

151	SGA A	123
152	SGA B	75
153	A	75
154	B	75
155	SGA	75
156	SGA	75
157	SGA	75
158	SGA	75
159	SGA	75
160	SGA	75
161	SGA	75
162	SGA	75
163	SGA	75
164	SGA	75
165	SGA	75
166	SGA	75
167	SGA	75
168	SGA	75
169	SGA	75
170	SGA	75

Fls.	+ or -
4,150	
1,000	
2,785	
3,295	
12,810	
24,830	
1,400	
2,440	
1,000	
1,885	
1,280	
1,290	
1,440	
1,225	
700	
11,800	
707	
5,000	
1,415	
3,050	
2,050	
2,835	
88	
537	
1,500	
4,000	
410	
3,025	
1,270	
805	
1,180	

SOUTH AFRICA	
April 8	Real + or -
AFSA	0.35
AFSA	9.50
AFSA	132
Anglo Am Corp.	85
Anglo Am Corp.	115.25
Anglo Am Gold	78.50
Anglovaal N	41.75
Barlows	35
Chia Gold	35
De Beers Consolid.	75.75
Daniels Gold	4.70
Deurekheim	41.15
East Rand Gold	8.10
East Rand Gold	38.60
Engen	41
Finer Gold	73.25
First State Cons Gold	35.25
Gold Corp.	10.35
Goldfields SA	40.25
Harwood	13.25
Highveld Steel	10.25
ICL	0.34

[illegible][illegible][illegible]

13.10.58			
1.10			
2.25			
1.10			
1.38			
2.97			
4.77			
2.34			
7.00			
0.84			
0.44			
3.46			
1.26			
0.43			
1.82			
0.25			
1.50			
0.01			
2.29			
0.02			
8.50			
0.46			
0.10			
2.28			

Heavy Air	2.88
Knockout	3.50
Knockout Corp	1.15
OCBC	11.70
OIL	4.90
Straits Air Ferry	4.60
Singapore Press	10.50
Straits Trading	5.05
Tan Lee Road	3.42
UOL	1.30

Prices ascertained by Teohsue

NOTES - Prices on this page are an agreed on the indicated technique and are usually last market prices, (in parentheses) if Dealership responsible, of its stock, as the only issue in its rights, as the all.

LONDON SHARE SERVICE

AMERICANS

Share	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591</
-------	-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-------

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Trust Name	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601
------------	-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Finance minister sees confidence being restored

Further falls in French interest rate predicted

By David Buchanan in Paris

THE FRENCH government predicted yesterday that interest rates, which have fallen on the money markets by up to 1.5 percentage points since conservatives won a sweeping election victory nearly two weeks ago, "will decrease significantly from now until the summer".

Though Mr Edmond Alphandery, the finance minister, said there was no question of pushing rates lower, he forecast that they would "fall by themselves" because of a restoration of confidence in the French economy and currency.

Markets are speculating that the Bank of France will cut its upper official rate - the five-day repurchase rate, currently at 12 per cent - next week.

Reaction to the new conservative government's programme, which Mr Edmond Alphandery, the prime minister, announced to parliament on Thursday, was largely favourable. Stock market operators, however, expressed some dismay at planned increases in indirect taxes to reduce a budget deficit which Mr

Balladur estimated would grow to FF330bn (£39.9bn) this year or 3.4 per cent of national output.

The only discordant notes came from Mr Michel Rocard, the Socialist party's new temporary leader who said Mr Balladur had shown "an amazing lack of imagination", while the Communists' parliamentary group expressed their "firm opposition" to the Balladur plan. Nonetheless, Mr Balladur won his first vote of confidence by 457 to 81 votes, with two abstentions.

Mr Balladur said that combating unemployment, currently at 10.6 per cent of the work force, was his "absolute priority", but he saw no hope of stabilising job losses until the end of this year. He requested French employers to lay off workers only as a last resort.

Mr François Pericot, head of the Patronat employers' federation, yesterday agreed that his members should remember that making someone redundant was a serious matter.

Mr Alphandery said draft legislation to give the Bank of France independence and to privatise state-held companies would be

ready before the end of next week. He expected Parliament to approve both laws by the summer.

The French central bank has so far not chosen to reflect the easing of money market rates in its official rates, in order to attract money into France. This has replenished its foreign exchange reserves, drained during the fight to keep the franc tied to the D-mark in recent months. Mr Alphandery said the bank would repay loans from the Bundesbank several weeks before they were due.

After the overnight money rate dropped to 10 1/4 per cent, and the rate for one-month money fell to 9 1/2 per cent, on Thursday, many analysts saw little sense in the Bank of France keeping its "repo" rate at 12 per cent, and predicted a possible cut on Tuesday. The central bank is considered likely to maintain its intervention rate, at which it lends limited amounts to banks, at 9 1/2 per cent.

Pragmatism tempers grandiose Balladur plans, Page 2
Editorial comment, Page 3

Flotation of 3i was blocked by change in banks' view

By Robert Peston, Banking Editor, and Charles Batchelor

A CHANGE of heart by Barclays and National Westminster banks led to Thursday's abandonment of an autumn share flotation by Investors in Industry (3i), the venture capital group, it was understood yesterday.

Both banks, which together own 41 per cent of 3i, are thought to have changed their view on the government's plan to increase shareholdings over the next two years, so any flotation should be postponed for at least that long.

The abandonment of the flotation plan led to the resignation of 3i's chairman, Mr Alan Wheatley, who joined the group last July on the understanding that it would obtain a stock market listing. He will be succeeded by Sir Max Williams, deputy chairman, until the appointment of a permanent replacement.

The Bank of England is understood to be particularly disappointed that the share sale has been shelved. 3i, which has net assets of £1.2bn and is the leading provider of risk capital to small and medium-sized companies, is owned by six of the UK's biggest banks and the Bank of England.

Mr Brian Pitman, chief executive of Lloyds, which owns 13 per cent, said there was no "big split" between the banks on whether to sell. "You would not have got much of a price for the shares at the moment. Even for those willing to consider selling, it depends on price," he said.

Barings, 3i's merchant bank, had argued that the sale was in the banks' interest. A month ago, Barings recommended to the banks that an autumn flotation should go ahead, according to bankers and a 3i director. The proposal was that the banks should sell a minority stake, leaving them with between 60 and 75 per cent of the company.

Even though the depth of the UK recession meant the stock market price of 3i's shares would be less than some banks wanted, Barings believed that the long term value of their remaining shares would be increased by the flotation for two reasons:

- As a quoted company, 3i would for the first time have been able to take advantage of its investment trust status. This would have meant that, as the economy recovered, 3i would have been able to sell an increasing number of investments but without paying capital gains tax.
- 3i would have raised additional capital in the flotation, allowing it to take advantage of investment opportunities as economic growth returned.

Fear of floating 3i's bumpy road to a market listing, Page 9

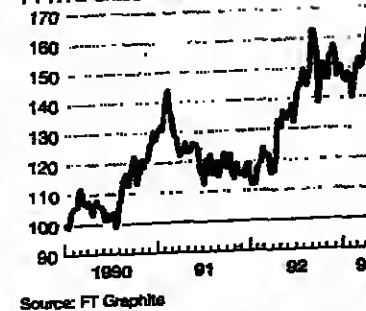
THE LEX COLUMN

Downwards drift

FT-SE Index: 2821.8 (-0.3)

Water

FT-SE Index relative to the FT-A All-Share Index



Source: FT Graphics

and floods. The acquisition of Denmark's Hafnia last month raises the proportion of European premium income to 23 per cent - and adds weight to the life business. Disposing of the high stakes in Commercial Union and Chubb last year reduced exposure to equities in general and other insurers in particular.

But there is no escaping the legacy of mortgage indemnity. The damage this year should be below the £180m underwriting loss sustained in 1992. But the rate of repossessions and the average cost per claim will only gradually decline. The main comfort is that the balance sheet looks strong enough to stand the strain. Even so, a solvency ratio of 50 per cent after the acquisition of Hafnia would have been 7 points lower were it not for sterling's devaluation. The position is not as robust as Sun Alliance would have the market believe.

Sun Alliance

Another thumping loss from Sun Alliance shows just how unbalanced the UK's highest insurer became during the 1980s. Its general insurance business was weighted too heavily towards the UK and exposure to mortgage indemnity was excessive. Yet the life assurance side is not big enough to offset the impact of recession. On the investments side, faith in equities and property paid off handsomely during years of asset price inflation. Thursday's property write-down is the penalty. The net asset value is now little more than half the £3bn peak reached in 1989.

Balance is belatedly being restored. By surrendering market share on UK household insurance, Sun Alliance is reducing its exposure to freak storms

UK water

The thirst for a secure yield is working to the advantage of water companies. The sector is close to the high point relative to the market reached last August. Sterling was then shackled to the ERM and the outlook elsewhere was grim. Given the brighter industrial picture, the relative attractions of water might be expected to diminish. But that allows neither the dwindling returns on cash, nor for dividend cuts by other high-yield stocks. The chancellor has meanwhile helped the cause by reducing the tax credit on dividends paid to gross funds.

Water companies are unlikely to compensate gross funds for lost

income. With dividends covered around three times by earnings, most could afford to do so. But such action would have to be explained to the regulator. The companies might also prefer to conserve cover in case of tougher times following next year's regulatory review. Yield support may thus imply a cap on prices. The premium of the sector to the rest of the market is already below 20 per cent. Things could get turbulent as the shares start to trade ex-dividend.

Capital expenditure plans for the second half of the decade have not been finalised, let alone the rate of return on capital the regulator will allow. With the medium-term prospects so uncertain, the market is naturally inclined to concentrate on the immediate attraction of yield. That looks short-sighted, when there is now only a year to go before hard bargaining begins with the regulator.

3i

Yet again 3i's shareholders have delayed the company's slide down the slipway. Their indecision is puzzling. It has also sparked the abrupt departure of 3i's recently-installed chairman who had been entrusted with completing the flotation.

There is certainly no pressing need for shareholders to sell. Midland's once-desperate need for capital has been reduced following its takeover by HSBC. Other bank shareholders too have seen their financial pressures lessen. They believe they can realise greater value by waiting for the upswing. Since its disappointing interim results, 3i has reported that its investments have risen strongly. There has also been a sharp increase in the number of new investment applications.

But the stock market has already anticipated much of the recovery. In recent months there has been a marked narrowing of the gap between asset values and share prices in the quoted investment trust sector. 3i's size and reputation could have perhaps ensured a flotation price just 10 per cent below its asset value. Given that 3i was only going to be partially floated, it is difficult to believe it could much improve on that. The suspicion must be that the delay does not simply signify a change in market tactics but also a reassessment of strategy. The banks should clarify their intentions. Otherwise they will damage the company now and make it harder to float later.

Japan may halt Cambodia operations over UN deaths

By Robert Thomson in Tokyo and agencies

THE KILLING of a Japanese volunteer working for the United Nations in Cambodia has brought a warning that Japan could withdraw from the country if attacks on UN personnel increase.

Mr Toshio Nakayama, Japan's defence minister, said yesterday that "if it becomes clear that a widespread armed disruption of the [UN-organised Cambodian] elections is in force, we must of course think of an emergency evacuation or a halt in operations".

About 600 Japanese military personnel are in Cambodia as part of the UN operation. Although the victim, Mr Atsuhito Nakata, 25, was a civilian, his death has prompted concern that Japanese forces could become entangled in an intensifying con-

flikt. Nevertheless, Japan yesterday continued with its planned Cambodian involvement by despatching 250 army engineers to join an advance team of 350 in Bangkok. This force is due to relieve the 600 troops sent six months ago.

Mr Nakata was the sixth worker to be killed in nine direct attacks on UN personnel in the past two weeks. His UN-marked car was stopped on Thursday by a group of armed men. His Cambodian interpreter, Mr Lay Sok-phin, was also killed.

The Khmer Rouge guerrilla group, which is boycotting the UN's peace process, has been blamed for some of the attacks and is suspected of most of the rest. The group denies responsibility.

Japan's Social Democratic party, the largest opposition party, yesterday called for the

immediate return of the 600 already in Cambodia, mostly transportation personnel, on the grounds that the Cambodian conflict does not fit the guidelines set for Japanese participation in a peacekeeping operation.

Under those guidelines, Japanese personnel should not be despatched if a ceasefire agreement has collapsed. The SDP argues that the spate of killings shows the ceasefire is no longer effective.

But a sudden pull-out of troops would damage the image of the Japanese government, which sees the participation as evidence that the country is playing a more active role in international affairs. A retreat would also hurt Tokyo's campaign for a permanent seat on the UN Security Council.

Blood stains the peace, Page 4

Serbs say UN aid in Bosnia can continue

Continued from Page 1

nian town, which they have been trying to reach for three days, "over my dead body, or the bodies of my family". Conditions in Tuzla are spartan, but the town has been spared the destruction of Srebrenica and the refugees are happy to be in its relative

security.

Clutching her frail two-year-old daughter, Mrs Azreta Hahibovic, yesterday described her exodus from Srebrenica. "The Serbs threw stones at us in Zvornik. They screamed and one woman was badly hurt," she said. "But anything was worth getting out of there. The Serbs are selling

all of the time. It is hell."

● More divisions appeared yesterday in the international effort to force Bosnian Serbs and their allies in Belgrade to accept the Vance-Owen peace plan for Bosnia after Russia warned that tighter sanctions on Serbia and Montenegro would be counter-productive.

Leyland Daf set for £4.8m cash injection

Continued from Page 1

have been able to obtain, Mr Ogilvy said.

He would not disclose the size of the deal, but property analysts believe the land, given the contamination likely after 70 years of industrial use, is not worth more than £120,000 an acre. This points to an overall purchase price of up to £4.8m.

The van plant has enough orders to keep production going for the next six weeks. Mr Ogilvy said many companies had been holding off placing orders. "They won't sanction the orders until they know they are not buying an obsolete vehicle," he added.

Production has been scaled down by the receivers to 200

vehicles a week and the workforce cut by over half to 1,000. "There are no more planned redundancies," said Mr Ogilvy.

The immediate future is clouded by Automotive Products' suspension of clutch and brake systems deliveries to the plant. The company has been in dispute with the receiver about the non-payment of bills. The van plant has enough components for only three days production next week.

However a willingness to resolve the problem has been evident both in talks about the immediate situation between Automotive Products and the receiver and in talks between the management buyout team and Automotive Products on the situation after April 19.

John Griffiths adds: The UK receivers and Daf Trucks NV, the new company running Leyland Daf's former parent in Holland, said yesterday they had jointly established a sales company, Leyland Daf Trucks, to market

trucks built by both the Dutch operation and Leyland Daf's trucks plant in Lancashire. Leyland Daf Vans, has already been established for the Birmingham vans operation.

David Owen adds: The expected cash injection will add to suspicions that Mr Heseltine, fresh from securing Commons' approval for his coal white paper, may be ready to give his interventionist instincts free rein.

Earlier this week, Mr Richard Needham, a trade and industry

minister, unveiled plans to encourage British companies to work closer together in bidding for large projects in foreign markets, as part of a wide-ranging effort to boost UK exports.

The Labour party, which this week published its own detailed proposals for reversing the UK's manufacturing decline, has repeatedly used the Leyland Daf collapse and the government's reaction to it to taunt Mr Heseltine over his promise to last year's Tory party conference to help British industry.

Mr John Smith, the Labour leader, last month called on the government to demonstrate its commitment to British manufacturing by ensuring a future for Leyland Daf.

CHIEF PRICE CHANGES THURSDAY

FRANKFURT (DM)		Alum Co Amer		Rise		Rise		Grain		Grain			
BASF	464.5	+ 7.5	51	- 11	11	720	+ 72	Wheat	143	+ 9	Wheat	143	+ 9
Bayer	158	+ 6.2	31	- 11	11	510	+ 50	Barley	85	+ 7	Barley	85	+ 7
Boehringer	158	+ 6.2	31	- 11	11	510	+ 50	Maize	437	+ 20	Maize	437	+ 20
Chemie	158	+ 6.2	31	- 11	11	510	+ 50	Soybeans	10	+ 2	Soybeans	10	+ 2
Deutsche Bank	948	- 12	31	- 11	11	510	+ 50	Wheat	88	- 8	Wheat	88	- 8
Deutsche Post	322	- 8	31	- 11	11	510	+ 50	Barley	342	- 13	Barley	342	- 13
Deutsche Telekom	474	- 15	31	- 11	11	510	+ 50	Maize	56	- 8	Maize	56	- 8
Deutsche Telekom	714	- 8	31	- 11	11	510	+ 50	Soybeans	459	- 13	Soybeans	459	- 13
New York (\$)		Paris (FFr)		Rise		Rise		Rise		Rise		Rise	
BASF	454	+ 19	405	+ 16.3	16.3	720	+ 72	Wheat	88	- 8	Wheat	88	- 8
Boehringer	158	+ 6.2	31	- 11	11	510	+ 50	Barley	342	- 13	Barley	342	- 13
Chemie	158	+ 6.2	31	- 11	11	510	+ 50	Maize	56	- 8	Maize	56	- 8
Deutsche Bank	948	- 12	31	- 11	11	510	+ 50	Soybeans	459	- 13	Soybeans	459	- 13
Deutsche Post	322	- 8	31	- 11	11	510	+ 50	Wheat	88	- 8	Wheat	88	- 8
Deutsche Telekom	474	- 15	31	- 11	11	510	+ 50	Barley	342	- 13	Barley	342	- 13
Deutsche Telekom	714	- 8	31	- 11	11	510	+ 50	Maize	56	- 8	Maize	56	- 8
Tokyo (Yen)		Rise		Rise		Rise		Rise		Rise		Rise	
BASF	454	+ 19	405	+ 16.3	16.3	720	+ 72	Wheat	88	- 8	Wheat	88	- 8
Boehringer	158	+ 6.2	31	- 11	11	510	+ 50	Barley	342	- 13	Barley	342	- 13
Chemie	158	+ 6.2	31	- 11	11	510	+ 50	Maize	56	- 8	Maize	56	- 8
Deutsche Bank	948	- 12	31	- 11	11	510	+ 50	Soybeans	459	- 13	Soybeans	459	- 13
Deutsche Post	322	- 8	31	- 11	11	510	+ 50	Wheat	88	- 8	Wheat	88	- 8
Deutsche Telekom	474	- 15	31	- 11	11	510	+ 50	Barley	342	- 13	Barley	342	- 13
Deutsche Telekom	714	- 8	31	- 11	11	510	+ 50	Maize	56	- 8	Maize	56	- 8

World Weather

UK Today: Drier and brighter with some sunshine in many areas, but eastern regions from East Anglia to beyond Dundee will see patchy drizzle later. Showers or longer outbreaks of rain in the south-west will edge east. Cold along North Sea coasts

Temperature: at midday yesterday 1 Noon GMT temperatures C-Cloudy D-Drizzle F-Fog H-Hail R-Rain S-Sunny SI-Sleet SN-Snow T-Thunder

World Weather

UK Today: Drier and brighter with some sunshine in many areas, but eastern regions from East Anglia to beyond Dundee will see patchy drizzle later. Showers or longer outbreaks of rain in the south-west will edge east. Cold along North Sea coasts

Temperature: at midday yesterday 1 Noon GMT temperatures C-Cloudy D-Drizzle F-Fog H-Hail R-Rain S-Sunny SI-Sleet SN-Snow T-Thunder

ATTENTION ALL BUILDING SOCIETY INVESTORS.

8%

PAID GROSS*

- Falling rates are good for UK and International bonds.
- Morgan Grenfell Reserve Assets Bond Fund aims to pay 8% gross* annual yield.
- It also offers prospects for capital growth.
- Invest now, to take full advantage of this low risk investment.

Callfree 0800 282465 today.

*Estimated gross annual yield based on a Net Asset Value price of 103.36p as at 7th April 1993. You should remember that the price of shares and the income from them may fall as well as rise, and you may not get back the amount you originally invested. Changes in exchange rates may also affect the value.

Past performance is not necessarily a guide to future returns.

To: Morgan Grenfell Investment Funds Limited, 20 Finsbury Circus, London EC2M 1UT.

Please send me details of the Morgan Grenfell Reserve Assets Bond Fund.

Name _____

Address _____

County _____

Postcode _____

Issued by Morgan Grenfell Investment Funds Limited, 20 Finsbury Circus, London EC2M 1UT. Member of IMRO.



Weekend FT

SECTION II

Weekend April 10/April 11 1993

Science: saviour or tool of the Devil?

A.C. Grayling argues that it offers hope eventually of defeating oppressive religious superstitions

NOVELIST Susan Howatch has offered him to help resolve that great argument of the 20th century: are the advances of science destroying religion? Her gift, to the faculty of divinity at Cambridge university, has been made at a time when science is under fierce attack. The most recent assault is not from organised religion but from those who claim the wider message of science is destructive, presumptuous, or wrong.

Despite increasing popular sympathy for this view, Howatch believes science and religion can co-exist peacefully and cites John Polkinghorne, a Cambridge physicist turned cleric, as an example of how this can be achieved, even in the same person. But she faces a battle to persuade sceptics. Richard Dawkins, an Oxford biologist, says: "What has theology ever said that is of the smallest use to anybody? When has theology ever said anything that is demonstrably true and is not obvious?"

Dawkins, who wrote *The Blind Watchmaker*, a best-seller which champions Charles Darwin's theory of the evolution, seems to suggest that religion is under siege from science. But, in the present debate, the issue seems to be the other way around. Big sales have been achieved by anti-science books, notably Bryan Appleyard's *Understanding the Present*, which leapt to second place in the best-seller lists in its first week of publication. A more fundamental attack on the basis of scientific method was launched last year by historian John Ralston Saul. In his book, *Voltaire's Bastards*, he says science has "turned on man," poisoning his environment and food and threatening his extinction.

Scientists themselves are worried that public hostility to their work is contributing to the chronic shortage of funds for research. In a speech at

the Royal Institution in February, Professor Dennis Noble, a distinguished Oxford medical scientist, suggested that British science might be under-funded because it is viewed as "the ultimate pact with the Devil." Noble thinks many people regard science as the source of society's ills, not just because of pollution and disasters such as Chernobyl but through "the perception that science is deeply and irretrievably dehumanising."

Science has always had its critics, but the present attack is remarkable because it comes at the end of a century of scientific achievement which has transformed the human condition - mostly for the good.

In the 17th century, science's chief opponent was the Inquisition. Deny that the earth moves, priests told astronomers, or be burnt at the stake. In the 19th century, the anti-science attack was directed at evolutionary theory: in the course of a public lecture, Bishop Samuel Wilberforce tried to rubbish Darwin's theory by asking whether the great scientist was descended from monkeys on his mother's or his father's side. Half the population of the United States in 1993 still shares Wilberforce's creationist view.

Today, science's opponents form a coalition which complains that science is destructive, soulless, and antipathetic to religion. Such people desire personal significance, a safe place in the universe, a sense of ultimate value. All this, they claim, is threatened by science. John Brooke, a senior lecturer in the history of science at Lancaster university, says in *Science and Religion* (1991): "Science has generated its own penumbra of ignorance... [and] ethical problems that it is powerless to solve."

In reply, scientists point to the enormous benefits of research which, often, are taken for granted: electric light, antibiotics, air transport, telecommunications, central heating and the computer. Indeed,

some believe that the achievements of science can be compared with the artistic and humanistic revolution of the Renaissance.

Some critics emphasise the destructive effects of science, particularly in war, and its threat to the environment. Others, such as Louise Anthony in *A Mind of One's Own* (1993), see science as an instrument of oppression in advanced societies. Anthony, professor of philosophy at North Carolina State university, writes: "Institutionalised science serves, in fact, to sustain and even enhance existing structures of inequality and domination." But scientists can reply that these are abuses of scientific discoveries and not the fault of those who seek knowledge.

Some critics are alarmed by science's picture of the universe as a neutral, contingent realm, purely material in composition and subject to dispassionate laws. They would prefer the universe to have a purpose, to be the outcome of design, and to be governed by benevolent forces. Others are worried by the thought that our cherished view of ourselves as creative, ethical beings, sensitive to beauty and capable of love, will be explained by science in terms merely of chemical processes.

These supposed threats have led to violent responses. In his attack, Appleyard claims the "bitter message" of science is that the universe offers no consolations; it does not

exist for a reason, it just exists brutally "like some thick-witted skin-head - mute, formless and callous." Science has emptied the universe of "purpose and meaning" and threatens a "terrible invasion" of human values. It is frightening, spiritually corrosive and belittling. Science's worst crime, says Appleyard, is that it ventures no answer to the question: Why is there a universe at all?

It seems to me that the chief reason behind hostility to science is exactly what Howatch wishes were otherwise: its threat to religion. Some argue there is no such threat and point to the many distinguished scientists who have been religious: Newton, Michael Faraday and Howatch's own present-day example, Polkinghorne, who prefers a dog collar to a chair of physics. But the fact is that if the propositions of science and those of religion are taken on an equal footing, as each offering the factual truth about the universe, they are squarely inconsistent.

The central, methodological principle of science is that every step in enquiry and experiment has to be public, repeatable, checkable and challengeable. It is this that gives authority to scientific theories. Critics offer alternative authorities for our beliefs: ancient writings, intuition, mystical insight, ethnic traditions, eco-holism, the teachings of sages or the example of heroes. What gives support to the claim

that these are genuine sources of knowledge is the new intellectual fashion called post-modernism. This says there is no single set of truths about the world but as many different ways of seeing it as there are cultures or even individuals. There is no legitimate way of judging between viewpoints, post-modernists argue; it is merely intellectual imperialism to claim that, for example, western medicine is

On the back page, the Dean of Salisbury writes in reply

better than traditional African witch-doctoring. This view is known as relativism. Thus, Susan Helman, professor of political science at the University of Texas, Arlington, writes in *Gender and Knowledge* (1990): "Post-modernism undermines the rationality of science by allowing us to see that science is rooted in specific historical assumptions and, therefore, is not universal or absolute."

Such critics reveal ignorance of what science really is. It is true that some admirers believe it will provide the answer to everything one day; but this view, known as scientism, is a hopeless caricature of the true nature of science - which is

much more sceptical, tentative, and limited in its objectives than either its extreme admirers or extreme critics realise.

When people talk of "science," they forget there are many sciences. Particle physics and cosmology (the study of the origins and nature of the universe) are the two most quoted fields of enquiry, not least because great efforts are now being made to bring together the two theories (quantum and relativity) which are central to each and which, so far, appear inconsistent. But other sciences give rise to much less controversy. Many - like medical science - are of such immediate and obvious benefit that it is hard to see how critics can maintain their general hostility.

Science proceeds by subjecting hypotheses to rigorous examination, wherever possible experimentally. Failure to prove a theory false does not mean the theory is true - only that it can be used until something better turns up. So, all science is defensible and open-ended; further evidence can refute or change it.

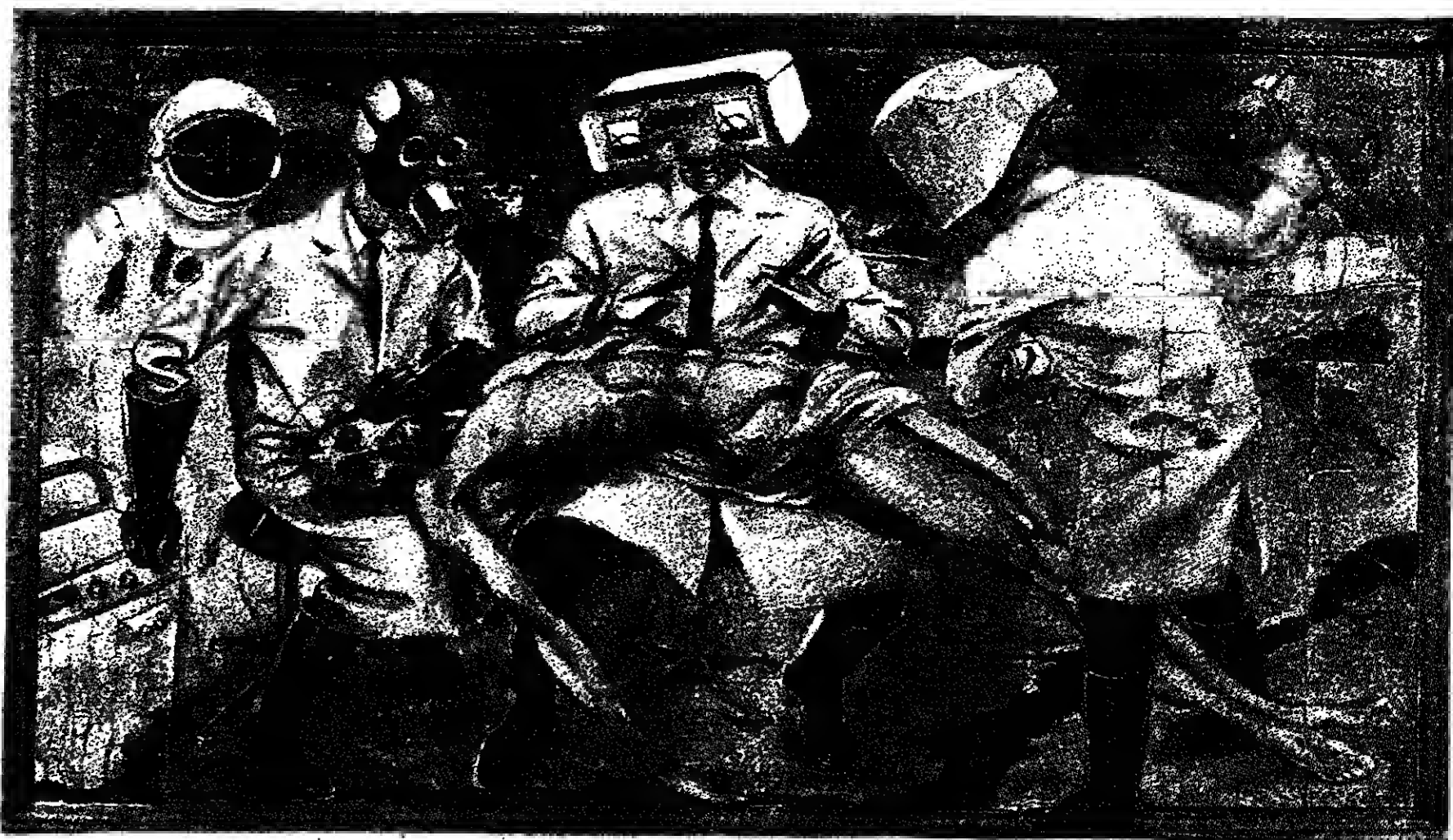
Science lives by enquiry, of which the essence is scepticism and open-mindedness. Each branch is concerned with a defined range of phenomena. No-one supposes that the important questions of aesthetics and politics could be resolved in a test tube. Yet critics believe, vaguely, that this is what scientists aspire to - which shows they do not

understand what they criticise. The open-mindedness of science, and its need to thrive on challenge and debate, contrasts sharply with religion. Religions are governed by dogma and tradition, in defence of which - incredibly - some people are prepared to kill and die. Religions have been among the most destructive of historical phenomena; examples of oppressive and violent persecution abound.

Despite the personal solace religion offers (a psychological function performed by other things also, such as art and love), and the artistic inspiration it has prompted (although such inspiration comes from other sources besides), on the organised scale it can be dangerous and cruel. Science is progressive and cumulative; religion is static and backward-looking. Mankind's hope might lie in this fact, for it suggests that open-minded curiosity might eventually defeat oppressive superstitions.

Voltaire once remarked that he loved the man who sought truth, but hated the man who claimed to have found it. One was a scientist, the other a priest. Perhaps Howatch's *Blind* will help us to rediscover Voltaire's insight. It might not be what she hoped for, but it would finally end the conflict between science and religion.

A.C. Grayling is a lecturer in philosophy at Birkbeck College, London, and senior research fellow at St Anne's College, Oxford.



CONTENTS

Finance & Family: Simple rules of a stock-picking guru III

Fashion: Feeling snobbish in chain store chic XI

Food & Drink: Janice Robinson on the disadvantages of corks XII

Sports: Racing around the world by car and yacht XIII

Arts: Patricia Morison visits the Century of Titian exhibition XX

Interviews: Val Bourne: the woman who created Dance Umbrella XXII



Land of the rising Nikkei: but can the Tokyo stock market ever approach its apogee of early 1990 Page VII

Arts XVII-JX
Books XV & XVII
Bridge & Chess XX
Cinema XX
Food & Drink XVII
Gardening XX
How To Spend It XX
Jazz XX
Literature XX
Motoring XX
Property XX
Sport XX
Theatre XX
TV & Radio XX

The Long View / Barry Riley Selling the truth



TRUTH attracts a good press but, often, it fails to get an enthusiastic reception out there in the market-place. It is human nature to like to be told a story, even a little white lie.

This is a roundabout way of getting into the debate over the accountants who are creating a stir by improving the quality of financial reporting. Their proposed new accounting standard, FRSS, has caused certain (but by no means all) company finance directors, City investment analysts and even financial editors to agonise over the loss of their simple, and supposedly reliable, earnings-per-share numbers.

The Accounting Standards Board also is attacking the lax approaches to off-balance sheet reporting (now you see the debts, now you don't) and takeover accounting which created a rich field for 1980s' financial manipulators. But it has still to prove that truth will be popular.

The accountants, in their role as company auditors, supposedly developed an answer to the problem of financial reporting years ago. It was called the "true and fair view." Fortunately for the commercial prosperity of the accountancy profession, the view did not live up to its name.

To achieve high fees, providers of corporate services such as lawyers and accountants must be efficient at facilitating the ambitions of their clients. They are rewarded for telling their clients how to do something, not that a particular deal or profit target is impossible. But when, in the end, a string of apparently healthy companies such as Colonnell and Parkfield Group suddenly disappeared in puffs of smoke, the position of the auditing profession became impossible. The clean-up began.

If you detect a whiff of cynicism, I plead extenuating circumstances on the ground that I endured a 10-year debate on inflation accounting, starting in the 1970s. Quite early on, the profession produced a perfectly decent, if rough-and-ready, inflation accounting

standard that would have served investors' interests perfectly well. But government and industry opposed it, and later proposals became more complex without becoming more popular.

Simply, most listed companies did not want to publish inflation-adjusted profit figures that were lower than the conventional historical cost version. To some extent, the stock market realised there was a problem, which is why the average price-earnings ratio was about 7 or 8 late in the 1970s compared with near 20 in today's conditions of low inflation; the difference reflects largely the poor quality of 1970s' earnings.

But many companies appeared to take a wholly exploitative approach. Thus, British Gas published current cost/profit figures (nice low numbers) while it was a public corporation seeking to avoid price curbs, but majored on substantially higher historical cost numbers as soon as privatisation loomed and it wanted to maximise its share price.

The same cosmetic approach was applied to takeovers. When one company acquires another, often there are heavy extra costs. If there are measures to rationalise the operations of the two companies, disruption will follow and the benefits, if any, usually will not be achieved for several years. So, you would think the obstacles to takeovers would be formidable, and that takeovers would be rare.

The problems were solved by accountants, though. Costs disappeared, provisions were written back and profits rose smoothly - to the extent that it was argued sometimes during the takeover boom that such and such a company needed another acquisition soon if it was to maintain its profits growth. Years later, however, many acquisitive companies like Burton and Storehouse ran into high trouble.

The truth will come out one day, but who is in a hurry? Investors prefer companies that deliver steady growth in earnings and dividends, and companies that fit such a description go to a pre-

mium. In the real world, profits move erratically up and down in a way which accentuates the risks. So, accountants and lawyers have been brought into play to create techniques and structures to generate the required image.

Risk-averse institutional investors, reluctant to commit money to highly cyclical makers of building materials or engineering components, tend to prefer the likes of Hanson or BTR (or, perhaps these days, some of their less glamorous emulators). Do such rambling conglomerates become so large because they provide brilliant industrial management, or because they re-package industry into a form assimilable by the stock market?

Part of the problem is one of corporate governance: that auditors are too much under the thumb of management, and have only a minimal relationship with the shareholders to whom they are supposed to be responsible. A strong and independent audit committee might help, but such committees rarely are strong and independent in the companies where they really need to be.

More fundamentally, my experiences in the inflation accounting debate led me to conclude that shareholders did not really want to know the truth. During the 1980s, the complacency seemed almost to develop into a kind of conspiracy of optimism. Who wanted to expose the realities of Polly Peck? Managers and shareholders and stockbrokers all wanted a high share price. A successful and growing company would generate high fees for the City of London. The important thing was not to be left stranded when the game ended.

Now, we have to watch the investors and analysts as the anti-cosmetic Accounting Standards Board scrapes the make-up from company accounts. What remains might not always be a pretty sight: humpy where you thought it was smooth and hard to recognise and understand. Perhaps the rouge and the mascara are being rejected forever. But human nature does not change, and the search will be on for a different kind of face-lift.

GUINNESS FLIGHT

OUTSTANDING RETURNS

£10k RETURNED £70k.

SHOULDN'T YOU RETURN THE COUPON?

Unlike equities, where all markets can decline simultaneously, a fall in one currency will be accompanied by a rise in another. To take advantage of this and produce outstanding returns requires skill in timing and judgement to identify currencies in upward trends. Our performance speaks for itself.

Since its launch in May 1980 our Managed Currency Fund has produced a return of 625% in Sterling terms (391% in US\$ terms) and over the last five years 806% in Sterling terms (432% in US\$ terms).

As the originators of the concept of managed currency funds and the market leaders in this field (with US \$168 million under management), we have considerable experience in making the results of this intensive economic, monetary and political analysis work to the maximum advantage of our funds.

Our funds offer the opportunity for greater potential gains than those available from single currency funds and they provide a lower risk alternative to global equity and bond funds.

Investors can choose between the roll-up International Accumulation Fund version of our Managed Currency Fund where gains are reinvested, or the Global Strategy Fund version which distributes income.

With returns like ours, you should return the coupon today, or call Jamie Kilpatrick on 0481 712176.

GUINNESS FLIGHT MANAGED CURRENCY FUNDS

Year	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Return	£14,419	£17,983	£21,356	£26,898	£30,416	£38,892	£42,080	£47,360	£45,172	£53,515	£68,693

Return to Guinness Flight Fund Managers (Guernsey) Limited, Guinness Flight House, PO Box 250, La Placette, St Peter Port, Guernsey, Channel Islands. Please send me further information on the International Accumulation Managed Currency Fund | | Global Strategy Managed Currency Fund | |

NAME _____
INITIALS _____
ADDRESS _____
COUNTRY _____

* Source: Guinness's published prices for the International Accumulation Managed Currency Fund. Gains are reinvested, after 10 pence fees from 20 pence, using the published price for cash and 1992 calculation as at 21.2.93. Past performance is not necessarily a guide to the future. The value of the investment will be higher or lower than it was when you invested. The International Accumulation Managed Currency Fund is a limited company registered in Guernsey. All investments are subject to risk. Guinness Flight Fund Managers (Guernsey) Limited is authorised by the Financial Services Commission, Guernsey. All investments are subject to risk. Guinness Flight Fund Managers (Guernsey) Limited is authorised by the Financial Services Commission, Guernsey. All investments are subject to risk.

MARKETS

London

Coming to terms with the Hillary factor

By Peter Martin, Financial Editor

WHAT HAS happened to the share price of the FT-100 index over the past month is a case of the market kicking a company when it is down. The shares were over 930p in mid-March. Yesterday, they closed at 700p, a drop of 25 per cent.

There are three forces at work, all negative. First is the cloud hanging over the sector as a whole, personified by Hillary Rodham Clinton. She is drafting the blueprint for the promised US health care reforms: significantly, US health care stocks reached their peak, relative to the market as a whole, in the first weeks of 1992 just as Bill Clinton's campaign for the presidency started to look credible.

Even without political impetus, drug prices face downward pressure as insurers, employers and health systems round the world become increasingly reluctant to write the industry a blank cheque.

The result is poor performance by drugs stocks, world-

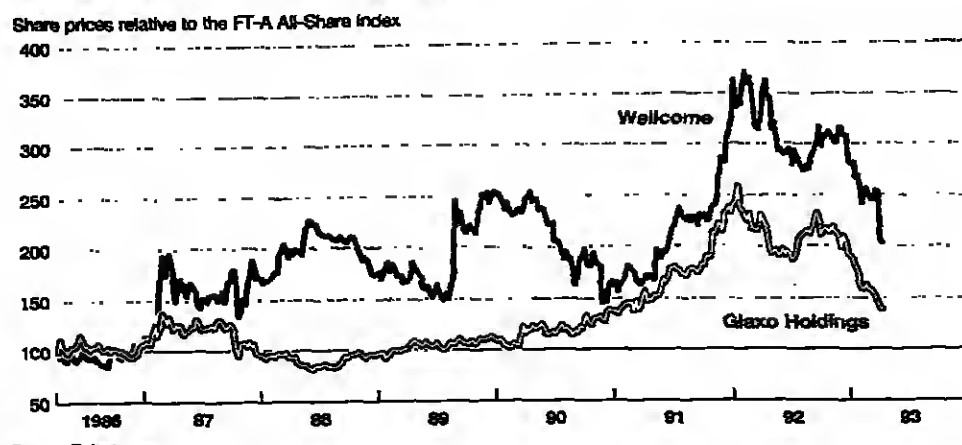
wide. During the first quarter of 1993, the healthcare stocks covered by the FT-Actuaries World index have dropped 10 per cent in local currency terms, while the world index as a whole has risen 4 per cent.

Within the UK, fears about pricing are not the only factor affecting the sector. A second influence is the shift by investors out of defensive stocks and into cyclical ones, as the economic upswing begins.

Pharmaceutical companies are classic defensive stocks - steady demand, pricing protected by patents and regulations, a growth path dictated by what comes out of the labs rather than what is in the customer's pocket. As the economy dived into recession, the big internationally minded UK drug stocks - Glaxo, Wellcome and SmithKline Beecham - benefited hugely from their defensive status.

As demand picks up, though, steady earnings growth looks dull by comparison with recovery stories. Companies in the sectors most affected by the

Two drug stores: the long haul



economic cycle stand a chance of doubling or tripling their earnings overnight; drug stocks do not.

The relative performance of the health and household sector of the FT-Actuaries All-Share, dominated by the big drugs stocks, shows how this works. In the first half of 1992, as hopes of economic recovery emerged, the sector weakened relative to the market. As the summer fears of a continuing recession set in, the sector started to gain once more. When devaluation made even-tempered recovery more certain, the relative slide resumed, to get back to its starting point.

Wellcome's performance shows what happens when you add specific company problems to those general concerns.

On Thursday of last week, the outlook suddenly worsened for sales of Wellcome's most glamorous drug, its anti-Aids

preparation Retrovir. Preliminary data from a Franco-British study indicated that, for patients who had not yet developed full Aids, Retrovir had little to offer. The share price fell immediately, since the study appeared, it has dropped 8 per cent.

Drug companies frequently encounter setbacks to important drugs, and the market usually over-reacts. After a few days, investors remember that the company has other eggs in its basket, and the share price recovers. Earlier this week, it looked as if that process was under way. On Monday, for example, when the stock market as a whole was down sharply in the aftermath of Friday's slide in New York, Wellcome managed a healthy recovery. The worst seemed over.

On Wednesday, however, the pattern of recovery was jolted. Wellcome met analysts to put its case over Retrovir, but the audience was not convinced. The share price resumed its slide: it dropped another 23p, closing at 699p. On Thursday, it recovered to 729p, a net rise of 3p since the previous Friday.

The Retrovir issue aside, Wellcome and others in the industry have some humpy weeks ahead: Hillary Clinton's health-care plan is due by early May. The stock has some protection, however, in its relatively unglamorous rating: at 19 or so, the price/earnings ratio is the lowest it has been since the company was floated in 1986, leaving Wellcome trailing behind such stocks as BICCO, Thorn EMI, or ICI. And, though the yield at 2.5 does not sound particularly generous, it is the highest since the stock was first available to the public.

Such valuation calculations are also applied to the market as a whole. Econometric research just published by Goldman Sachs explores the extent to which they are a useful indicator of whether shares are cheap or dear. Looking at the UK market as a whole, the Goldman analysts conclude that the best indicator is the yield ratio (the ratio of the yield on long-term government bonds to the dividend yield on equities).

This will not come as a surprise to the equity market, since the yield ratio is probably its most common rule of thumb. More interesting, perhaps, is Goldman's creation of a Composite Valuation Indicator, which bundles together all the measures commonly used to assess the market's value, assigning each the importance justified by how successful it is in "explaining" stock market movements.

This indicator works, the Goldman analysts say: trading on the basis of the indicator over the last 20 years would have doubled your money compared with a simple buy-and-hold strategy. At the moment, the indicator suggests the UK stock market is undervalued by around 10 per cent.

No one seemed to be paying much attention to that sort of calculation this week: the FT-100 index closed on Thursday at 2821.8, a drop of 48.1 points since Friday and a decline of 4% per cent since its peak earlier in the year. Investors were partly marking time before the holiday, partly peering edgily ahead to find the good news already implicit in share prices. As the Wellcome tale shows, that sort of market is easily spooked.

Serious Money

Can your stocks rise in the east?

By Philip Coggan, Personal Finance Editor

WHILE THE motto of the 21st century be "go east, young man"? A fortnight ago, this column suggested that emerging stock markets and European bonds were two of the more interesting investment areas at the moment.

My reasoning was really more a process of elimination than anything more sophisticated. But the entertaining fund management market double act, Tim Guinness and Howard Flight of Guinness Flight, have an interesting argument that enthusiasm for bonds and the Far Eastern markets are subtly linked.

Their case is that the high cost economies of the West are losing out to the low cost economies of the Far East. As the West purchases its exports and sources its manufacturing in the East, this results in low inflation - good for bonds - and high Far Eastern economic growth - good for equities in that region.

Like any good fund management group, the pair believe they have the answer: a Hong Kong fund. The Hong Kong market is the entry point into China, which has around a fifth of the world's population and an economy growing at 9 per cent per year. The World Bank has forecast that China will be the world's largest economy by 2003.

Hong Kong is on a price-earnings ratio of just 12.5, well below the ratings awarded to other emerging markets. Thus, Guinness Flight argues, this is an opportunity to invest in a large emerging economy on a cheap rating and they are discounting the initial charge on the fund to persuade investors to take the leap.

It is a good story, but one should mention the other side. The Hong Kong market is highly volatile and has enjoyed 3 very sharp rises since the panic caused by Tiananmen Square. With all the current political tension, there is

always the risk of a setback and a big question mark hangs over the colony's future after 1997.

Although China's economy is growing fast, it still, as a nominally communist country, does not have the same accounting standards or business practices as in developed markets. On the level of individual stocks - even when channelled via Hong Kong - it is hard to be sure exactly what you are buying.

So this is definitely a risk area of investment - not the first home for your redundancy money. It is really for those who are prepared to invest on a 10 year basis - and then only with a limited portion of their portfolio.

And of course, one could be convinced by the case for Hong Kong, without being sure that Guinness Flight is the right firm to manage it. Its offshore fund is small at \$3.2m and lacks a long-term record - although its 1992 performance did feature in a Best of the Best table in the US-based *Barons* magazine.

In my view, large investors might well consider having a portion (no more than 5 per cent) of their portfolios in Hong Kong: small investors should stick to the regional funds with a wider geographical spread.

I found the theory appeared to work for the FT-30 Index, with a portfolio of the five stocks easily beating the All-Share over the period 1979-92. So, with risk warnings, the stocks selected by the theory were Blue Circle, British Gas, Forte, Hanson, Lucas.

To date, the news has been quite good. Datastream figures show that, as of yesterday, the O'Higgins portfolio has beaten the All-Share in purely capital terms. The bad news is that neither return is very exciting - 2.1 per cent from the portfolio against 1.6 per cent from the All-Share.

Of course, if you repeated the process now, the theory might throw up different stocks, so the above list is certainly not a recommendation. But the article provoked so much reader response that I shall try to monitor the portfolio's progress during the year.

HIGHLIGHTS OF THE WEEK

	Price	Change	1993	1993	
	Thurs.	on week	High	Low	
FT-SE 100 Index	2821.8	-48.1	2957.3	2737.8	Drug & tobacco sectors weak
FT-SE Mid 250 Index	3084.3	-24.2	3154.7	2878.3	Pre-Easter sluggishness
Argyll	321	-20	407	320	Food price war, discount fears
BAT Inds.	887	-40%	1014%	855	US price war worries
Burnish Cestrol	738	-13	757	675	41m share placing to finance eqp.
Eastman Elect.	492	+20	493	399	Warburg buy recommendation
Fisons	167	-31	251	167	Withdrawal of asthma treatment
Guinness	467	-29	516	440	Concern on international brands
Joyes	452	+25	500	406	Buying after results
Mirror Grp.	121	+17	121	88	Optimism for prospects
Morgan Crucible	271	-56	345	271	Provisions/accounting changes
Rothmans B	620	-37	690	584%	Pressure on tobacco industry
Skidley	97	-13	130	96	Profits warning
Unilever	1115	-74	1249	1050	Brokers downgrade
Warburg (SQ)	649	+17	649	529	Global co-ordinator of BT 3

AT A GLANCE

UK house price index

All houses 1983=100

215

210

205

200

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

195

190

BES

Funds raised (£m)

1000

800

600

400

200

0

1983/4

1984/5

1985/6

1986/7

1987/8

1988/9

1989/0

1990/1

1991/2

1992/3

1993/4

1994/5

1995/6

1996/7

1997/8

1998/9

1999/0

2000/1

2001/2

2002/3

2003/4

2004/5

2005/6

2006/7

2007/8

2008/9

2009/0

2010/1

2011/2

2012/3

2013/4

2014/5

2015/6

2016/7

2017/8

2018/9

2019/0

2020/1

2021/2

2022/3

House price index makes biggest rise for four years

The Halifax house price index rose 1.2 per cent (seasonally adjusted), the biggest monthly increase for four years. However, prices are still 5.2 per cent below the level of a year ago and Halifax warned "we will need a few more months of strong activity and stable or rising prices before we can be confident that a sustained upturn is under way." Over the last year, the regions which have seen the greatest fall in prices are Greater London (down 5.2 per cent), the South East (down 6.5 per cent) and the South West (down 8.1 per cent).

BES figures proves the lure of risk-free tax shelters

The BES binged last year on non-recourse loans, which made up a large part of £957m invested in the schemes. Figures, prepared by the Allenbridge, show just how much happier people are to shelter from tax if they do not have to take a risk. Before property investments were allowed, the most the scheme had ever raised in one tax year was £176m, in 1987-88. The amount raised by trading companies fell to £29m the next year, rose to £36m in 1989-90, and then fell to £10m. Meanwhile, the total taken by the scheme has risen steadily as sponsors squeezed out still more risk. One of the scheme's starting aims was to foster the entrepreneurial spirit, and it seems to have failed. See BES: cause for anxiety, Page VI

A Christmas without charity

Figures for Gift Aid, the scheme which allows tax-free donations to charities, show that people were less generous in the three months leading up to Christmas. Total donations during the first quarter of 1992 were £43.4m, disappointingly down from £58m in the previous quarter. Donations from individuals fell from £37.9m to £25.5m.

However, the total donated under the scheme now stands at £351.1m in two years, while a total of £117m has been paid in tax repayments to charities.

Top trust records 332.04% rise

The best performing unit trust over the past five years was Hypo F&C US Smaller Companies, with a rise of 332.04 per cent, according to Micropool. But Hong Kong and Far Eastern funds hold eight of the top ten positions (see Save a Risk). The list of the ten worst funds over the period include the usual suspects such as Waverley Australian Gold and three Japanese funds.

Indices to monitor equity returns

More advanced information will be made available to equity investors from July 1 with the introduction of total return indices for equities. The new indices will take account of dividend income as well as capital growth and will allow investors to compare more closely the performance of their unit and investment trusts (and indeed the building society) with the market. The figures will be calculated gross of tax and will assume that the dividend and tax credit are reinvested on the ex-dividend date. Total return indices will be available for the FT-SE 100, the FT-SE mid 250, the FT-SE Actuaries 350, the FT-SE SmallCap and the FT-A All-Share.

Small companies slip from peak

Small company shares fell over the pre-Easter week, with the Hoare Govett Small Companies Index (capital gains version) dropping 0.8 per cent, from 1376.75 to 1366.19, over the six days to April 7. However, Hoare Govett reports that the recent rally has taken the index back up to pre-recession levels.

Cigarettes burn top-brand consumer stocks

WALL STREET'S love affair with brand-name consumer stocks ran on to the rocks this week. On Monday and Tuesday, heavy selling hit a wide range of consumer issues which, in turn, lopped a few points off the Dow Jones Industrial Average. The spark for the sell-off was the surprise decision by food and tobacco group Philip Morris to cut the price of its top branded cigarettes, Marlboro, in an attempt to win back customers lost to cheaper brands.

Investors were unmoved by the move because it showed that an industry-leading company recognised that top-brand goods can lose market share to much cheaper brandless products.

For the best part of a decade, investors have supported brand-name consumer stocks on the premise that these companies could maintain earnings growth by raising the prices on their best-known products - which, supposedly, were immune from competition from discounters because massive promotion and a strong, well-established image had guaranteed consumer loyalty.

However, recent experience with the world's best-selling cigarettes, seems to have shattered that illusion. With smokers switching from Marlboro to discounted generic brands in increasing numbers, Philip Morris was forced to do something to stem its loss of market share. Other than spending even more on advertising and promotion, its only choice was to cut the price of Marlboro.

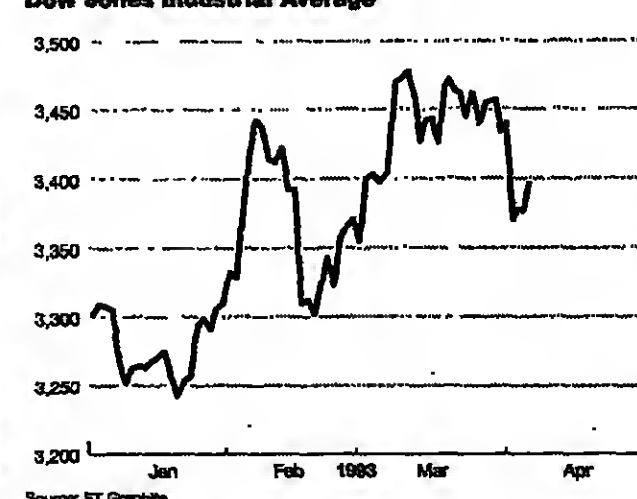
This momentous decision left investors reeling: if it could happen to Marlboro, arguably one of the world's most famous products, it could happen to any other brand name. Consequently, they wasted no time in selling stocks such as Colgate-Palmolive, Heinz, Procter & Gamble, Kellogg, Campbell Soup and Coca-Cola. So unsettled were investors that they unloaded a wide range of consumer-related stocks including retailers such as Wal-Mart, Home Depot and Sears, Roebuck. Wal-Mart appeared to be a particularly unfortunate victim, given its remarkable recent earnings growth and solid prospects.

However, there was some logic to the sell-off. Wal-Mart's

February same-store sales figures were disappointing; Home Depot was looking extremely expensive with a price-earnings ratio of almost 80; and Sears' shares had enjoyed an excellent run of late on recovery hopes and were probably due to take a breather.

Such explanations aside, however, the heavy selling still was unnerving. The brand-name consumer stocks

Dow Jones Industrial Average



and fast-growth discount retailers have been a mainstay of the market for years. Any substantial reversal in this stalwart group could mark a big turning point in the market's longer-term prospects.

Fortunately, when investors rushed out of consumer stocks, their money did not leave the market altogether. Funds were switched to other sectors. This week, it was the turn of

cyclical, cars, timber and transportation stocks to benefit.

Cyclicals were an obvious choice for investors suddenly disenchanted with consumer stocks. The economy continues to grow at a solid, if unspectacular, pace and the likes of Caterpillar, International Paper and Alcoa should churn out good earnings over the next year or so as the pace of business activity across the country, and eventually overseas, picks up.

Likewise, car-makers. Over the past few months, there has been a growing feeling of confidence in the big three - a sense that all of them have turned a corner. It is no surprise that, as of Thursday, Ford shares were standing at a 52-week high while Chrysler and GM were within spitting distance of similar peaks.

While forestry product stocks may have been something of a cyclical play, they drew most of their strength this week from the so-called "timber annuit" meeting in Oregon between the logging industry and environmentalists, chaired by

a consensus-seeking President Clinton. Although the summit failed to heal the divisions between the two sides, investors were cheered by reports that the president probably will avoid any initiatives that might depress timber industry profits.

Finally, airline stocks had an excellent week. All the major carriers posted big gains, in the process lifting the Dow Jones Transportation Average to a record.

Several factors were behind the buying. One was United Airlines reporting a 17.4 per cent jump in March passenger traffic and also announcing big cuts in capital spending. There was also news from Washington DC that a joint committee of congressional and presidential experts is to investigate ways to help the industry survive its seemingly never-ending crisis.

Patrick Harverson

Monday	3378.19	+ 8.38
Tuesday	3377.57	- 1.62
Wednesday	3397.02	+ 18.45
Thursday	3396.48	- 0.54

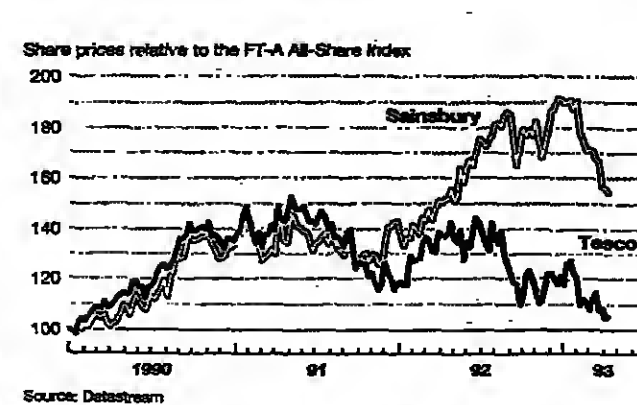
The Bottom Line

Tesco lays an egg in the City

1986 to £545.5m in 1991, and Tesco was established, together with Sainsbury and Argyl, owner of Safeway, as one of the UK's most powerful and sophisticated food retailers. Then, last year, things started to go slightly awry.

Food retailing shares were hit by the realisation they were not immune from recession. Tesco suffered particularly from rumours that its newly-opened stores were trading below expectations. With store developments costing up to £35m, and high fixed operating costs, any shortfall in the computer-projected sales volumes can have serious consequences.

Tesco strongly denied those rumours again this week. David Reid, finance director, said that its newest stores were exceeding their targets, and many had already reached a creditable £14.50 of weekly



sales per square foot.

Most important, Tesco was still making a return on investment of about 18 per cent from new stores. But analysts point out that that compares with the 24 or 25 per cent return achieved by Safeway, whose developments tend to be

price inflation, from the total sales increase of 9 per cent, and it turns out that "like-for-like" sales - those at existing stores - fell by 0.9 per cent. That compares with small increases to like-for-like sales at Sainsbury and Safeway.

Sir Ian MacLaurin, Tesco chairman, says the poor performance is due to "trading down" by its customers, who, as mainly younger people in metropolitan areas, have been hit harder by the recession than those of its rivals. The big question is whether they will ever trade back up again. Some analysts fear Tesco customers are the most susceptible to the growing discount sector - cut-price stores such as Kwik Save, Aldi and Netto.

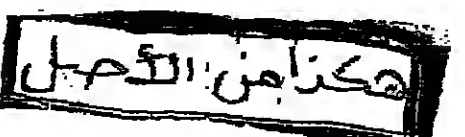
That may be why Sir Ian was keen to stress that Tesco would launch tactical price promotions in areas where it competes against discounters,

and would continue to offer lesser-known "tertiary" brands of 70 to 100 of the most popular products at prices that match those of the discounters.

Tesco's expansion efforts are no longer going solely into supermarkets. It is experimenting with a smaller city-centre format, Metro. It has also dipped its toe into the water in Europe, with the £175m acquisition of Cateau, a 90-store supermarket chain in northern France. But such experiments have been seen by some, perhaps uncharitably, as further evidence that all is not well with Tesco's superstore programme. As Paul Slidely, analyst at Kleinwort Benson, put it: "The City will need to see a sustained period of like-for-like sales growth before it alters its view on Tesco."

If a consumer upturn does occur, Tesco should be a recovery stock, but the City prefers Argyl, whose store portfolio and customer base are seen as the safest of the three majors. In spite of its strength, it may be some time before Tesco catches its chickens.

Neil Buckley



Wise words from a stock-picking guru

PETER LYNCH might not be a name that is familiar to private investors in the UK. But in the US, he is a stock market legend because of his success in running Fidelity's Magellan fund.

When he started to manage the fund in 1977 it had \$18m in assets. By the time he retired in 1990 it was worth \$14bn. Much of the increase came from money raised from new investors; nevertheless \$1,000 invested in the fund in 1977 was worth \$28,000 by 1990.

The benefit of Lynch's wisdom is now available in a new book* which will give a lot of encouragement to private investors. He sincerely believes that private investors can beat the market by doing the right kind of research.

A bright and breezy writing style makes the book an easy read for anyone with an interest in stock market investment. Scattered through the pages are Lynch's one-liners, or Peter's principles, such as "Never invest in any idea you can't illustrate with a crayon", or "All else being equal, invest in the company with the fewest colour photographs in the annual report."

But it would be wrong to suggest that the book is a succession of homilies. There are plenty of practical examples of how Lynch goes about selecting individual stocks. Some of the lessons are peculiar to the US - for example, his enthusiasm for shares in the frequently despised savings & loans (the equivalent of the British building society). Ironically, the one stock he chooses from the UK - Body Shop - is one of his few mistakes. It has fallen by a third since he first recommended it in early 1991.

Investment managers tend to be classed in two camps. The "growth" investors are those who look for companies with good businesses and a long record of profit increases. A classic growth stock would be Glaxo, which until recently seemed to move only one way - up. Its shares may have looked expensive on a price-earnings ratio basis but that did not seem to matter. In the 1980s, it was always a good time to buy Glaxo shares.

The opposite school is that of "value" investment. These managers look for stocks which have fallen out of favour with the market and thus trade at very cheap prices. A good recent example of this in the UK was Next. It was one of the glamour retailers of the 1980s but its stock plunged following the departure of founder George Davies. New management has turned the company around - the shares have risen tenfold over the last 27 months.

Both schools have their flaws. Even the best managed companies cannot grow at 30 per cent per year for ever. If a stock is trading on a high p/e, then the fall in the share price can be precipitate when the company starts to falter (Glaxo has fallen by a third since its

peak in early 1992). And the market is often right when it hammers the shares of companies - the value investor can find that some of his picks go bust.

Lynch takes an eclectic approach which uses both the value and growth philosophies. He is really searching for "ten-baggers" - companies with the potential to give tenfold returns. But he can find those

Philip Coggan reviews the investment wisdom of ex-Magellan boss Peter Lynch

among restaurants and retailers as well as in fallen angels such as the early 1980s Chrysler. His biggest single profit came from the unglamorous Federal National Mortgage Association.

He describes how, when he is looking for retailing stocks, he heads to his local shopping mall. "I don't think it is as browsing," he writes, "I think of it as fundamental analysis on the intriguing lineup of potential investments, arranged side by side for the convenience of stock shoppers. If you like the store, chances are that you'll love the stock." To give all amateur investors hope, he cites how a group of

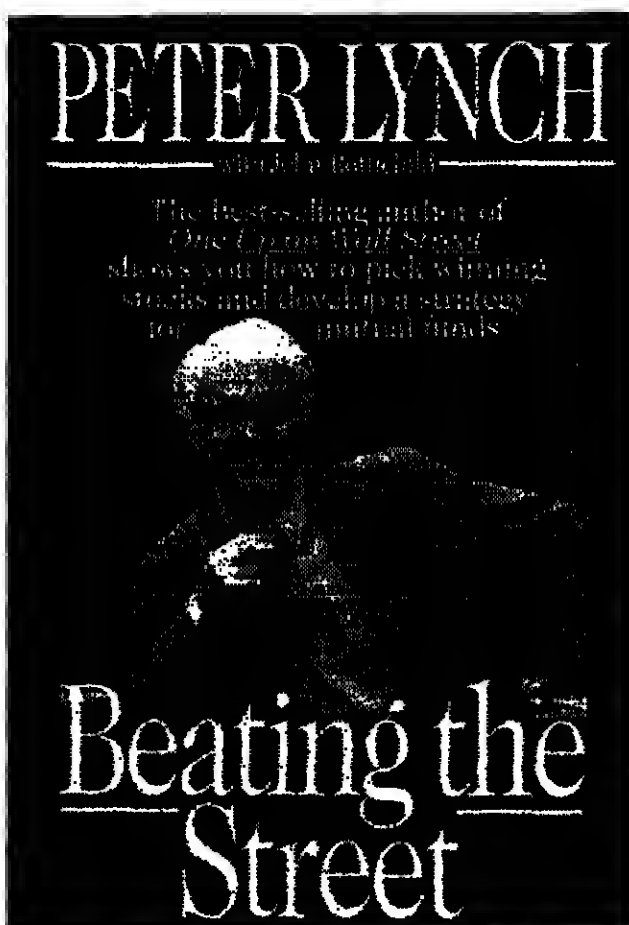
12- to 13-year-olds at St Agnes School in Massachusetts produced a portfolio which rose 70 per cent over two years, outperforming the S&P 500 and 99 per cent of all equity mutual funds (the US equivalent of unit trusts) in the process. Those children picked the stocks in companies they knew such as Nike training shoes, Pepsi and the Gap (where most bought their clothes).

At St Agnes, the pupils recite the lesson "you should invest in several stocks because out of every five you pick one will be very great, one will be really bad and three will be OK."

Lynch argues that "an amateur who devotes a small amount of study to companies in an industry he or she knows something about can outperform 95 per cent of the paid experts who manage the mutual funds, plus have fun in doing it."

The most useful section of the book is probably the part where he explains how he selected the 21 stocks which he recommended to readers of *Barron's* magazine in January 1992. Over the next 14 months, despite the odd dud such as Body Shop, those stocks rose by an average 61.7 per cent, according to *USA Today*. The S&P 500 Index was up just 9 per cent over the same period.

An example of his reasoning was his selection of General Motors, a company which seems to have had nothing but bad news over recent years. It



Peter Lynch's new book: easy, pacy, and potentially profitable

reported a \$23bn deficit for 1992, the largest loss in US corporate history. As Lynch writes, the general perception was "powerful enterprise forgets how to make cars, loses the public's confidence, lays off thousands of workers, heads for the scrapheap of has-been corporations."

"It was all this negativity about GM that attracted me in 1991," adds Lynch. After looking at the third quarter 1990 report, he noticed that GM's other divisions, such as Ross Perot's old company,

EDS, were doing well. "If the company can only break even on the US auto business," he reasoned "it could earn \$5 to \$8 a share in 1993. Giving these earnings a p/e ratio of 8, the stock should sell for \$40-\$64, a big advance from the current price." Since he made his selection, GM shares have risen 24 per cent to \$38-plus, well ahead of the market. Simple, really.

* *Beating the Street* by Peter Lynch with John Rothchild. Published by Simon Schuster at £12.99, 318 pages.

Home cover rates soar

THIS WEEK'S news that Abbey National is to increase its premium rates for home contents insurance by some 37 per cent is considerably less dramatic than it might appear. Abbey National, the country's second biggest mortgage lender, sells insurance on behalf of a panel of three insurers - Commercial Union, Royal Insurance and Legal & General - and said that it was increasing rates because domestic theft claims had gone "through the roof."

It announced on Tuesday an average increase of more than 26 per cent in rates for 1993. Some customers could also pick up an additional rise of 10 per cent announced in December last year, taking their total increase to 37 per cent.

But these were the first increases by Abbey for more than two years, during which time insurers have increased premiums by an average of 40 per cent - a rise which is itself dwarfed by the increase in the cost of theft claims.

The cost of theft from homes has increased by more than 200 per cent since the end of 1989, to £74m in 1992.

Last year alone theft costs rose by 27 per cent according to figures released last month by the Association of British Insurers, the trade association.

"Theft losses have reached epidemic proportions. In this environment it is not surprising to see vigorous rating action taking place," said John Chester, an analyst with SG Warburg, in a recent note by the securities house.

Although UK insurers saw their results improve in 1992, only two of the leading six non-life companies - Commercial Union and Guardian Royal Exchange - registered profits. In 1990 and 1991 the six companies lost more than £2bn and saw their financial strength severely eroded.

Stephen Bird, analyst with Smith New Court, another securities house, said:

"People just have to look at the claims costs. Looking at the results that the companies produced last year you can hardly argue that people are

being ripped off." Not surprisingly, few observers are quibbling with the need for rate rises, but some suggest that the industry may not be doing enough to isolate the highest risks and that the increases are being unfairly charged across the board.

"Everyone is suffering from the poor experience of the few," said Peter Friend, of brokers Leslie & Godwin.

Fried suggests that insurers ought to evaluate the risks of individual householders more carefully and tailor premiums to individual risks. Leslie & Godwin already does this for their wealthier customers, through its Artscope international scheme.

Insurers have already begun to be more discriminating. They began to charge higher rates for residents of inner city areas and other "high risk" areas some years ago. Premium rates now vary widely according to post code.

In addition, a number of insurers are offering discounts to householders who install good quality locks or reliable alarm systems and join police-approved Neighbourhood Watch Schemes.

"We are very keen to reward customers who take a responsible attitude to protecting their homes and strongly believe in helping them fight crime," said Brian Richards, personal insurance development manager at Norwich Union.

But Friend still says they could do more, by, for example, taking into account factors such as occupation, level of occupancy and "lifestyle". "The fact is that a couple without children who are out all the time are more likely to suffer from thefts," he says.

Already there are signs that some in the industry may be taking the hint. Direct Line, the insurance subsidiary of Royal Bank of Scotland, which insures 250,000 householders, says that it is reviewing its rating structure and could announce changes later this year.

Richard Lapper

Lynch's golden rules for investors

THE FOLLOWING is a selection from Peter Lynch's golden rules for investors.

■ Your investor's edge is not something you get from Wall Street experts. It is something you already have. You can outperform the experts if you use your edge by investing in companies or industries you already understand.

■ Owning stocks is like having children - don't get involved with more than you can handle. The part-time stockpicker probably has time

to follow eight to 12 companies, and to buy and sell shares as conditions warrant. There do not have to be more than five companies in the portfolio at any one time.

■ Never invest in a company without understanding its finances. The biggest losses in stocks come from companies with poor balance sheets.

■ Avoid hot stocks in hot industries. Great companies in cold, non-growth industries are consistent big winners.

■ A stock market decline is as routine as a January blizzard in Colorado. If you are prepared, it cannot hurt you. A decline is a great opportunity to pick up the bargains left behind by investors who are fleeing the storm in panic.

■ Everyone has the brainpower to make money in stocks. Not everyone has the stomach. If you are susceptible to selling everything in a panic you ought to avoid stocks and stock funds altogether.

■ Nobody can predict interest rates, the future direction of the economy or the stock market. Dismiss all such forecasts and concentrate on what is actually happening to the companies in which you have invested.

■ If you study 10 companies, you will find one for which the story is better than expected. If you study 50, you will find five. There are always pleasant surprises to be found in the stock market.

Unfortunately, most sensible people keep their money in the Building Society.

INVESTMENT OF £1,000 IN DECEMBER 1945

	Foreign & Colonial Investment Trust PLC†	Building Society Highest Available Rate*
1945	£1,000	£1,000
1950	£1,782	£1,188
1955	£5,678	£1,346
1960	£9,108	£1,589
1965	£15,679	£1,901
1970	£30,269	£2,369
1975	£35,455	£3,304
1980	£72,231	£5,046
1985	£191,470	£7,741
1990	£396,266	£12,052
1993	£677,973	£14,155

This table may come as a shock for building society account holders.

But these are the facts of life for savers. Rising prices, the rising cost of living, inflation that won't go away, mean that you really have to invest to save seriously over the longer term.

Fortunately, to help protect your future, you can place some of your savings in Foreign & Colonial's range of investment trusts through our Private Investor Plan.

The truth is that while we all start as savers of modest means, by leaving most of your money in a building society, you'll remain a saver of modest means.

oldest investment trust manager?

For further information, phone the number below, stating where you saw the advertisement. Alternatively, post the coupon today.

Share in the success.

24 HOUR PHONE SERVICE 0734 344447

Foreign & Colonial INVESTMENT TRUSTS

For a copy of our Private Investor Plan brochure and application form, send this coupon to: Foreign & Colonial Management Limited, PO Box 2, Tynemouth, Northumberland NE30 9HW.

NAME _____ ADDRESS _____ POSTCODE _____

Foreign & Colonial Management Limited is a Member of the British Building Societies Association. Foreign & Colonial Management Limited is a member of the FTSE 100. The value of shares can fall as well as rise and investors may not get back the amount invested. Past performance is no guide to the future.

INCOME SELECTOR BOND

CHOOSE YOUR LEVEL OF INCOME, AND IT'S FIXED FOR 5 YEARS.

At a time when interest rates have fallen sharply, the new Acuma Income Selector Bond is an outstanding opportunity if you're looking for a high level of income.

It offers a choice of three income levels - 10%, 9% or 7.5% p.a., net of all charges and Basic Rate Tax, as these are accounted for by Acuma. And whichever level you choose, it's then fixed for the next five years.

After that time, your capital will be returned to you in full, provided that the FT-SE 100 Index has achieved certain specified - and very realistic - growth targets.

And even if the Index falls or remains static, you still benefit from a full "money back guarantee" if you are a Basic Rate taxpayer. Taking income and capital return together, your total return will never be less than your original investment. For Higher Rate taxpayers there will be a very small additional tax liability.

The minimum investment is £5,000 and there is a special 1/2% bonus for investments of over £20,000.

But to make sure you don't miss out, you must act without delay. This is a strictly limited offer which will close without notice as soon as it is fully subscribed - and in any event, it must close by midday on 12th May 1993.

If you would like us to contact you with full information and application forms, return the coupon or call the Acuma Bond Action Line on 0784 475666.

0 7 8 4 4 7 5 6 6 6

Post to: Acuma Life Assurance Ltd, FREEPOST (TK1717), Egham, Surrey TW20 9BR.

Acuma

An American Equities company

NAME _____ ADDRESS _____ POSTCODE _____ TEL _____

We understand that the information here provides only a brief summary of the Acuma Income Selector Bond, including the exchange of non-financial information with selected business partners, unless they have placed an "X" in that box. []

*You should remember that past performance is not necessarily a guide to the future and that the FT-SE 100 Index can fall as well as rise. Acuma Life Assurance Ltd, Reg. in England and Wales No. 1276525, Reg. and Principal Office: Acuma House, The Square, Egham, Surrey TW20 9BR. Member of LIA/ITD.

10% NET 13.3% GROSS

9% NET 12% GROSS

7.5% NET 10% GROSS

STRICTLY LIMITED OFFER

FINANCE AND THE FAMILY

Diary of a Private Investor

Research — the key to success

Kevin Goldstein-Jackson explains how he picks profitable shares... and some that aren't

THE MAN at the boring cocktail party was disbelieving. "Are you really Kevin Goldstein-Jackson?" he asked. I felt like replying "No, I am really Zang from the planet Jupiter," but I resisted the temptation.

A few minutes earlier, I had been accosted by a woman who said: "Oh! You do exist. I thought Kevin Goldstein-Jackson was all made up by journalists."

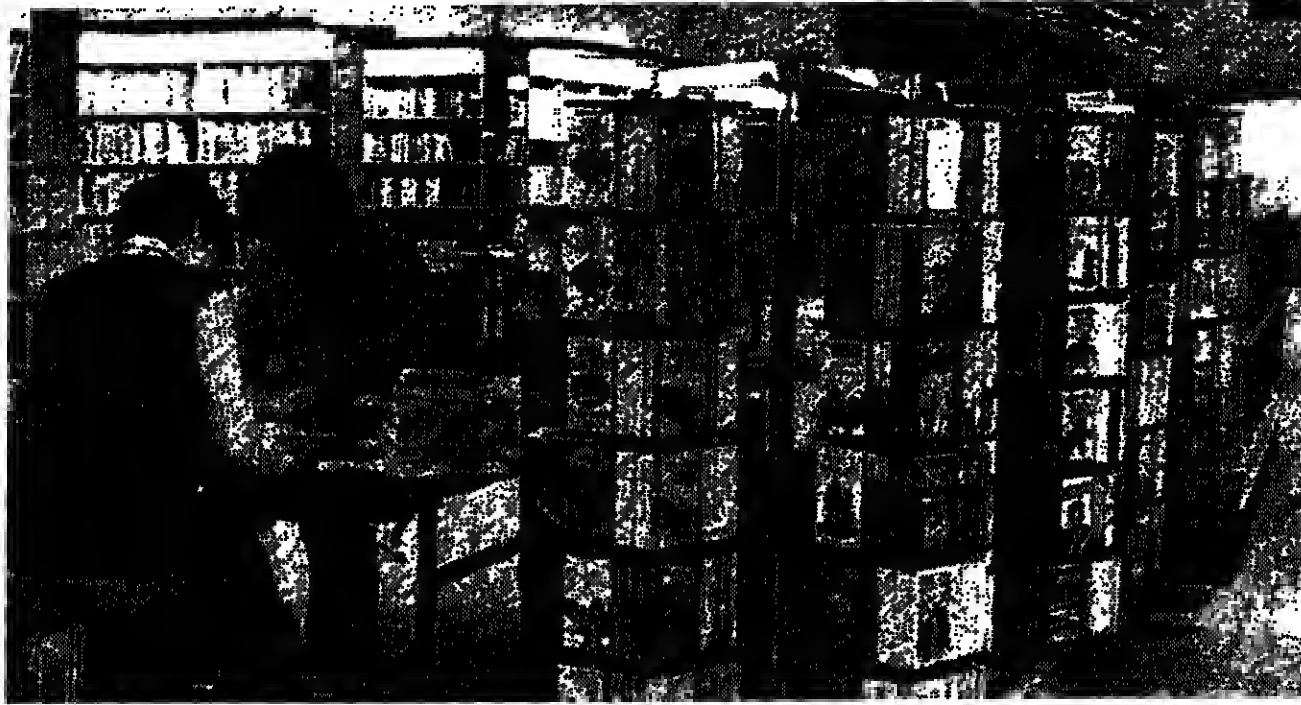
Once people are convinced I am not a product of someone's imagination, they tend to ask if the things I write about in *Diary of a Private Investor* are all true. Can I give them some hot share tips and how do I find out about companies before I invest in them?

The answers to all these questions are comparatively easy. My brief for this column always has been to write about things that have happened (or are happening) to myself or my family. If I say I have had a particular investment experience, then it is true.

The good experiences (like buying shares in NMC for 12.5p and selling them for 205p, or seeing certain shares double in price within a year) are just as valid as the bad experiences (like buying 1,500 shares at 300p in Gresham House Investment Trust for my personal pension scheme and seeing them fall to 8p).

Under the Financial Services Act, I am unable to give people specific investment advice other than in the pages of approved publications such as the *Financial Times*. I cannot give people specific advice (like "hot" share tips), either in person or by letter.

Someone once said to me: "I like to do what you seem to do. Walk around watching what people are buying. Trying to spot the next trends. But if you see a particular product that is selling well, how can you find out who made it so you can buy shares in the company? Even if there is a manufactur-



To trace the identity of a company's ultimate owner, the first step is a trip to the local reference library and a look at Who Owns Whom

er's name on the product, that manufacturer might, in these days of multi-national corporations, be owned by another company — so how do you find the name of the ultimate owner?

In such cases, I go first to my local reference library and look at *Who Owns Whom*. This is a series of separate weighty volumes covering the UK, Europe, North America, Australasia and the Far East. It lists many thousands of subsidiaries, with details of their parent companies.

If *Who Owns Whom* cannot provide the answer, then I might ask British Telecom's directory enquiries service to provide me with the number of the company named on the product so I can ask it directly. If the product is made overseas, then I try to find a friendly shop assistant who can tell me the name of the UK distributor.

Sometimes, of course, the product is made by a private company and shares in it cannot be bought. Or the product comes from a public-owned company which, for one reason or another, I would not touch with a barge pole.

I also subscribe to *Company*, the weekly magazine for people in the advertising industry. It can be found in many public libraries and is very useful for giving advance notice of new-product launches, with details of the advertising agencies concerned and the makers.

In previous *FT* articles, I have described a number of the things for which I look in a company before I invest. But to find many of those items (like details of directors, profits records and debt levels), I use three publications produced by Hemmings Scott Publishing of City Innovation Centre, 26-31 Whiskin Street, London EC1R

ODT. The most useful is the *Hemmings Company Guide*, published every quarter; an annual subscription costs £39. It is also available, at a higher charge, on computer disc. The guide gives profits records and other information about each UK-quoted company.

The *Arthur Andersen Corporate Register* is published twice annually and costs £150 a year. This gives much more detailed information about directors — very useful when I want to know the name of a company secretary to contact in order to get the annual report. It includes each company's address.

The third Hemmings Scott publication is the *Performance Rankings Guide*, also published twice annually, for £135 a year. This, as its name implies, grades companies by a wide variety of criteria: from earnings per share based on a five-year trend, to profit margins

within certain sectors.

Many companies use the *FT's* Annual Reports service where, for the cost of a phone call, a reader can get a free copy of any of the reports produced by the participating companies. Details are given on the newspaper's share price pages. I have found this service to be fast and efficient, and the line is open 24 hours a day.

Another useful publication is the *Estimate Directory*, obtainable from Edinburgh Financial Publishing, Freeport, Edinburgh EH3 0EN. This is published monthly and an annual subscription costs £350. But you can buy four issues — one sent each quarter — for just £120.

The directory is quite new. It started in March last year and collects a wide variety of stockbrokers' estimates for the profits and earnings per share of many quoted UK companies. It also contains details of major

shareholders, and a brief outline of the company's main activities.

In future, whenever I am depressed about poor performance from a share I have selected, I will turn to the mid-February 1993 issue of the directory and look at the entry for Queens Moat Houses. It tells how, earlier this year, well-known brokers with highly-paid analysts were predicting profits for the company of £85-90m.

I did not buy shares in Queens Moat. I had read the receivership sales notices in the *FT* and noted there were a lot of hotels for sale at quite low prices (including some well-known names). So, why did anyone think Queens Moat would perform well when, clearly, conditions were tough?

Some people expect me to sit behind a flickering computer screen full of information. I think that is the quickest way not to see the wood for the trees — too much information can be just as damaging as too little. But, as well as the reference books mentioned earlier, I also have a large number of company reports plus a collection of press cuttings from the *FT* and other publications, especially the weekly *Investors Chronicle*.

The cuttings all relate to particular companies in which I have money already or am monitoring for possible future investment. I also keep copies of the *FT's* share price pages for the last trading day in each year so that I can look back on the annual share price highs and lows for each company.

As much as anything, I like to walk around in the real world, getting a "feel" for a product, a company or a trend. Any private investor can do the same. It does not require any special skill or super-intelligence. I am just an ordinary person who wins sometimes and loses at others. So long as the profits are more than the losses, I will continue doing it my way.

TAKE-OVER BIDS AND MERGERS					
Company	Value of bid per share	Market price	Price bid	Value of bid	Notes
Abertis Fin. Ind.	15	15.5	16	7.73	Pittman
Buchhold Dev.	88	78	78	3.81	Shapiro
Brabant	35	35	35	5.50	OPG Group
Brown Shipley	29	3	4	3.31	Parsons
Buckingham	29	3	4	3.31	Parsons
Clifford Foods	573	578	583	35.99	Unigate
Do. A. I.	108	108.5	113	108.54	EFM Dragon
Drayton Asia	132	475	475	26.50	Severn Trent
East Worcester	1920	352	352	2.40	Severn Trent
East Worcester/VV	1920	352	352	2.40	Severn Trent
Galileo	11	11	11	2.85	Vodafone
Harbour Lease	11	11	11	2.85	Vodafone
House of Lanes	1905	103	103	10.82	Country Casuals
Harbour Lease	11	11	11	2.85	Vodafone
Platino Int'l	42	27	30	3.20	Wain
TIP Europe	42	41	25.5	71.2	OE Capital

† All cash offers. ‡ Cash alternative. § For capital not already held. ¶ Unconditional. * Based on £20 on price of £400. † Shares and cash. ‡ Price at suspension.

PRELIMINARY RESULTS							
Company	Sector	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividend* per share (p)		
ABT Transportation	Transp	Dec	8,800 L	11,300 L	H	H	
Anglo Group	Med	Dec	1,800 L	64,400	(20.4)	1.37 (5.8)	
Arm Energy	Dec	2,610	(27.1)	1.0	H	H	
Associated Fisheries	Food	Dec	3,160	(4,490 L)	13.2	1.80 (7.0)	
Avon Products	Chem	Dec	8,800	8,810 L	H	H	
Balfour Beatty	Inf	Feb	33 L	(3)	(0.38)	(0.2)	
Blackpool Motor	Auto	Dec	1,200	(753)	15.9	8.8 (8.2)	
Blackpool	Eng	Dec	352	(1,003)	0.73	2.48 (1.0)	
Blackpool	Eng	Dec	8,230	8,169	13.4	14.7 (13.0)	
Blackpool	Eng	Dec	1,080	2,478	4.28	9.88 (5.2)	
Blackpool	Eng	Dec	11,200	8,109	4.14	3.79 (1.57)	
Blackpool	Eng	Jan	1,700	(20,440)	0.8	(7.78) 1.7 (4.8)	
Blackpool	Eng	Dec	854	(2,100 L)	H	H	
Blackpool	Eng	Dec	1,480	(2,110)	6.0	(8.1) 5.75 (5.7)	
Blackpool	Eng	Dec	1,010	(277 L)	4.0	1.4	
Blackpool	Eng	Dec	5,480	(4,130)	3.52	(2.71) 1.0 (0.72)	
Blackpool	Eng	Dec	281	(259)	3.51	0.85 (0.48)	
Blackpool	Eng	Dec	1,510	(5,003)	5.22	(10.59) 4.5 (4.8)	
Blackpool	Eng	Dec	3,100	2,810	11.8	(7.23) 6.8 (6.8)	
Blackpool	Eng	Dec	18,200	(26,900)	2.9	(5.1) 2.0 (6.8)	
Blackpool	Eng	Dec	11,500	(8,500)	17.5	(15.8) 15.8 (10.8)	
Blackpool	Eng	Dec	5,750	(2,400)	28.8	(13.4) 4.05 (8.8)	
Blackpool	Eng	Dec	131	(255)	1.8	(3.1) 4.26 (8.9)	
Blackpool	Eng	Dec	1,110	(204)	3.85	(2.2) 2.8 (2.4)	
Blackpool	Eng	Dec	12,000	(15,100)	4.4	(8.39) 3.94 (3.19)	
Blackpool	Eng	Dec	11,900 L	(16,700 L)	7.2	(1.8) 2.5 (6.0)	
Blackpool	Eng	Dec	747	(1,003)	7.2	(7.19) 6.0 (6.5)	
Blackpool	Eng	Dec	28,200	(15,400)	17.5	(6.8) 10.0 (10.0)	
Blackpool	Eng	Dec	38,800	(82,400)	H	H	
Blackpool	Eng	Dec	16,000	(7,870)	32.4	(18.8) 15.5 (14.9)	
Blackpool	Eng	Dec	7,280	(2,650)	27.0	(28.4) 8.05 (8.0)	
Blackpool	Eng	Dec	782	(4,200 L)	0.63	(1.1) 1.0 (1.1)	
Blackpool	Eng	Dec	1,050	(6,000)	6.79	(2.3) 3.0 (6.0)	
Blackpool	Eng	Dec	12,800	(14,500)	H	H	
Blackpool	Eng	Dec	3,300	(3,300)	7.2	(3.18) 3.6 (3.4)	
Blackpool	Eng	Dec	190	(308 L)	1.05	(1.1) 1.0 (1.1)	
Blackpool	Eng	Dec	36,220	(21,000)	14.3	(12.8) 10.5 (10.5)	
Blackpool	Eng	Dec	8,300	(8,110)	16.1	(21.8) 12.0 (12.0)	
Blackpool	Eng	Dec	24,400	(21,200)	14.3	(12.8) 10.5 (10.5)	
Blackpool	Eng	Dec	2,480	(2,380)	8.4	(8.5) 4.4 (4.4)	
Blackpool	Eng	Dec	125,700	(104,400)	15.8	(15.1) 6.85 (6.8)	
Blackpool	Eng	Dec	721	(7,100)	0.63	(1.1) 1.0 (1.1)	
Blackpool	Eng	Dec	4,210	(3,730)	7.3	(6.3) 0.75 (0.8)	
Blackpool	Eng	Dec	84,000 L	(47,300)	H	H	
Blackpool	Eng	Dec	91,800	(48,100)	18.8	(13.8) 12.6 (12.6)	
Blackpool	Eng	Dec	27,800 L	(4,300 L)	1.0	(1.1) 1.0 (1.1)	
Blackpool	Eng	Dec	2,220	(2,200)	20.7	(17.1) 14.7 (14.7)	
Blackpool	Eng	Dec	954	(1,958)	3.53	(3.28) 3.45 (3.28)	
Blackpool	Eng	Dec	30,200	(27,800)	17.0	(15.0) 12.5 (12.5)	
Blackpool	Eng	Dec	1,740	(1)	5.9	(1) 5.9 (1)	
Blackpool	Eng	Dec	4,080	(3,120)	16.07	(13.3) 8.0 (8.0)	
Blackpool	Eng	Dec	1,200	(1,200)	1.1	(1.1) 1.0 (1.1)	
Blackpool	Eng	Dec	1,430 L	(2,270)	H	H	
Blackpool	Eng	Dec	5,030 L	(3,02 L)	H	H	
Blackpool	Eng	Dec	10,100	(8,638)	13.9	(11.4) 8.92 (8.0)	
Blackpool	Eng	Dec	988	(702)	6.13	(4.83) 3.3 (3.2)	
Blackpool	Eng	Dec	867	(830)	H	H	
Blackpool	Eng	Dec	3,000	(2,450)	34.1	(24.7) 7.0 (6.0)	
Blackpool	Eng	Dec	18,200	(14,800)	11.7	(10.8) 2.6 (2.2)	
Blackpool	Eng	Dec	206	(280)	4.2	(7.2) 5.2 (5.2)	
Blackpool	Eng	Dec	89,800 L	(218,000 L)	H	H	
Blackpool	Eng	Dec	70 L	(8,200 L)	1.1	(3.0) 2.5 (2.5)	
Blackpool	Eng	Dec	590,900	(45,500)	20.97	(19.93) 7.1 (6.3)	
Blackpool	Eng	Dec	489	(280 L)	18.42	(1)	6.0 (6.0)
Blackpool	Eng	Dec	585	(728)	3.5	(4.2) 3.8 (3.8)	
Blackpool	Eng	Dec	13,300 L	(29)	H	H	
Blackpool	Eng	Dec	12,800	(15,100)	15.7	(16.5) 5.0 (5.0)	
Blackpool	Eng	Dec	4,190	(1,559)	24.2	(11.2) 10.0 (7.5)	
Blackpool	Eng	Dec	23,400	(20,100)	23.0	(20.2) 14.5 (12.3)	
Blackpool	Eng	Dec	2,180 L	(8,410 L)	H	H	
Blackpool	Eng	Dec	1,890 L	(1,890)	H	H	
Blackpool	Eng	Dec	16,800	(27,100)	6.1	(10.2) 3.95 (3.9)	

AVCs: a guide to investment performance

Philip Coggan crunches the numbers on an annual survey of pension arrangements

BACON & WOODROW, the actuarial group, has published its annual survey of additional voluntary contribution (AVC) pension arrangements.

The survey compares the actual returns offered by various contracts of the with profits, unit-linked and building society varieties.

The results are designed to be useful to those in company pension schemes who are pay-

ing into AVCs which operate on a money purchase basis — where the final pension depends on the investment return.

The figures shown are for a person with a normal retirement date of January 1 1993 and use actual interest and bonus rates and expenses. Contributions have been assumed at £800 per annum, payable monthly.

Returns with profits contracts are shown both with and

without the terminal bonus, which can be highly volatile. (The aim of a with profits policy is to smooth returns. Annual bonuses are added each year and cannot be withdrawn; terminal bonuses, however, are more dependent on investment conditions at maturity.)

As the tables show, if terminal bonuses are ignored, only a very few insurance companies are able to match building society returns.

Reductions in bonuses mean that the returns on with profits contracts have generally been lower than last year. Returns on unit-linked contracts have increased, however, to reflect good investment performance.

However, Bacon & Woodrow does not believe that its five year embargo on with profits personal pensions, should also be used in this area. Members of company pension schemes may well value the security on offer from the with profits policy; investment return may be a less important factor.

Two further factors should be noted on with profits plans. Some companies offer special terms (ignoring commissions) which can enhance the returns shown in the table. On the other hand, some with profits contracts impose early retirement penalties, resulting in less competitive returns if the policy proceeds are taken before the retirement date specified in the contract.

Bacon & Woodrow adds: "It is clear that insurance companies are continuing to move away from conventional with profits contracts. Several have

BUILDING SOCIETY SCHEMES

Contributions paid over 10 years to January 1 1993

	Cash Accumulation	Equivalent annual rate of return % per annum
Nationwide	11,305	12.4
Coventry	11,303	12.4
Northern Rock	11,288	12.3
Bristol & West	11,273	12.3
Woodwich	11,255	12.3
Abbey National	11,212	12.2
Hallifax	11,188	12.2

replaced their conventional contract with a unitised with profits arrangement and an increasing number of companies are also offering funds which are directly linked to the underlying investments.

Few unit-linked plans have been in existence for 10 years, so Bacon & Woodrow has not produced figures for that duration. However, it does have unit-linked figures for seven years; over that period, they lag behind with profits returns. The leading unit-linked fund outperforms only three of the with profits funds over that period.

Bacon & Woodrow cites the

Prudential as the company with the best with profits record which is still marketing an AVC policy in that form. Among the unit-linked funds, Garmore was the leading provider over three years and National Mutual over five years. Among building societies, Northern Rock and the Nationwide respectively led over five and ten years.

The actuarial group concludes: "We advise trustees and employers to review their AVC schemes regularly, looking not only at past performance but also at the standards of service received, and the provider's financial position and prospects."

WITH PROFITS INSURANCE SCHEMES

Contributions paid over a 10 year period to January 1 1993

LAUTRO Terms Excluding terminal bonus				LAUTRO Terms Including terminal bonus			
Company	Cash Accumulation	Equivalent annual rate of return % per annum		Company	Cash Accumulation	Equivalent annual rate of return % per annum	
CIS	11,371	12.5		10,498	14,977	17.7	
Norwich Union	11,041	11.9		14,371	15.7		
Prudential	9,870	10.0		13,473	15.6		
Standard Life	10,323	10.0		13,551	15.6		
Sun Alliance	10,924	11.7		13,445	15.6		
Equitable Life	10,291	10.8		13,790	16.1		
Equitable Life	9,731	9.5		13,772	16.1		
Friends Provident	10,043	10.7		13,110	15.2		
Scottish Equitable	9,928	9.7		12,877	14.8		
Britannia Life	10,980	11.8		12,648	14.5		
London Life	10,419	10.8		12,915	14.9		
Legal & General	11,786	13.1		12,748	14.6		
Scottish Mutual	11,619	12.9		12,302	14.0		
Scottish Widows	9,789	9.6		11,824	13.2		

The Week Ahead

WITH the financial crisis at Queens Moat Houses still not fully explained, the rest of the hotel sector is being closely watched. Forte reports full year results next Thursday, with the City expecting pre-tax profits of about £70m, compared with £73m last time.

Some expect the group to cut its 9.9p a share dividend. If it does, criticism is likely to be muted, with many regarding a cut as evidence of financial sobriety. The group is likely to be pressed on whether it would

be interested in any of Queens Moat's Continental properties, should these become available. Blue Circle Industries and RMC Group will bring more news on Thursday about the building materials sector. The former, with about half the UK cement market, is expected to report pre-tax profits for 1992 of about £85m, down sharply from £124.2m a year earlier. There is some question hanging over its 10.9p a share dividend.

RMC, benefitting from its

extensive German operations, is likely to report profits down only slightly from 1991's £167.4m.

Laura

FINANCE AND THE FAMILY

Irish Life strikes a blow for industry reform

IRISH LIFE made a small but significant breakthrough for reform of the life insurance industry this week.

From now on it will not offer combined savings and life insurance products. Customers can buy both at the same time if they wish and combine them with one payment for extra convenience, but the costs of the two will be itemised and kept separate.

This makes good sense. Savings and life insurance are different needs and it is unlikely that many people will need to do both at once. If you only need to take out insurance for your family in case you die, there seems little point in saving any extra.

The approach does not sound revolutionary, because it keeps up the standard industry practice of using an irritating brand name. But behind the "Total Quality Lifestyle" range of life and savings products lies some potential good value.

How could the approach save you money? Irish Life provide the following example for a 30-year-old man who wants to cover his life for £250,000 for the next 20 years.

Under a standard flexible whole of life policy, which includes an investment element, Irish Life says this would cost £307.65 per month for 20 years (assuming the fund grows at 7.5 per cent, and that the cover is indexed at 5 per cent annually).

Using standard Lauro illustrative growth rates, this would produce a fund value of £154,000 on growth of 7 per cent, and of £315,000 on growth of 10.5 per cent.

This sounds like an adequate deal. However, under the new TQL system, Irish Life would ask for life assurance premiums of only £54.95 per month, to cover for 20 years. If our 30-year-old also wanted to save then he could, if he wanted, put £252.70 towards the TQL Savings contribution and still pay the same as he would have done in total premiums under his flexible whole-of-life contract.

Using the same Lauro assumptions, this would grow

to £178,000 on growth of 7 per cent - 18 per cent more than the £154,000 from the whole-of-life policy. On a growth rate of 10.5 per cent the gain is even more pronounced - £379,000, an advantage of 20 per cent.

Unbundling life insurance is not easy, and Irish Life's new "Total Quality Lifestyle Account" includes three forms of insurance, two forms of term insurance and two savings plans. Contributions in each area are analysed and priced separately. However,

The company will now not offer combined savings and life insurance products, reports John Authers

the convenience of keeping the disparate elements under one heading, often touted by life insurance salesmen, is maintained by allowing all three elements to be administered under one account number using one direct debit and one administration fee.

According to Tony Dallison, marketing manager: "One of the common complaints from clients is that the product they purchase cannot change with their circumstances, or that if it can, there is a heavy penalty charge. This is no longer the case."

Irish Life should not be judged on its new improved structure alone. Ultimately, its products must stand on the cheapness of the protection premiums and the strength of its investment performance. It is likely that you will be able to get better value by shopping around. But the move does make life insurance easier to understand, and makes it harder for less scrupulous sales agents to sell people products which they do not need.

It is also timely, as the Office of Fair Trading recommended last month that insurance companies should be forced to reveal what proportions of life premiums went towards investment and assurance.

The life insurance industry has not yet made a detailed response to the proposals

beyond claiming that the OFT's figures would be difficult to calculate. This is particularly the case for with-profits contracts, where investment profits are added via arcane annual bonus systems and do not fluctuate with a unitised fund.

Life insurance is an integral, although minor, part of endowment policies, which offer life assurance but also pay out at the end of a fixed period even if you are still alive. The sum you would receive on death

increases during the life of the policy, in line with investment returns.

The exercise of separating life cover from the rest of the investment proved difficult for all the large endowment providers contacted this week by the *Weekend FT*, and different actuarial assumptions may have been used.

They were asked how much of the £30 monthly premium paid into an endowment policy by a 29-year-old man would go towards life cover. Commercial

Union reckoned that £1.20 from each premium would be needed to pay for the life cover. Standard Life reckoned on 80p for a 10-year policy, and 95p for a 25-year policy. GA Life estimated the cost at 55p per month.

The Prudential was unable to produce a figure, although the company emphasised that it was quite prepared to disclose it - the problem was making the complex actuarial calculations involved. Legal & General refused to disclose the information on grounds of business confidentiality.

The Office of Fair Trading provided an example of the disclosure it would like to see from a good company, and estimated that life cover would cost £18 each year out of total premiums of £600 - or £1.50 from £50 premiums.

A message common to all was that endowments should always be treated as investments. That is why the OFT wants life offices to disclose the same information for endowments as they do for unit trusts, which have no life cover element.

In the meantime, Irish Life's exercise should make life insurance easier to understand, while allowing customers to shop around. Will other companies follow its lead?



The 93/94 Perpetual PEP. Don't get left behind.

Societies battle First Option

BUILDING societies are trying to fight back against the competitive threat offered by the First Option bond from National Savings, which is offering 6.34 per cent gross (4.75 per cent net) to those who invest £1,000 for a minimum period of a year.

That return is beaten by the Portman society, which is paying 6.5 per cent gross (4.875 per cent net) for investments of more than £500. The rate is guaranteed for a year.

Meanwhile, the Better Option bond from Bristol & West, available from April 13, will guarantee 6.75 per cent gross (5.06 per cent net) for a year on deposits of more than £5,000.

On amounts over £25,000, the bond will pay 7 per cent gross (5.06 per cent net); the First Option will pay 6.74 per cent gross on investments of more than £20,000.

Some societies have warned that if First Option draws away their deposits, they will have to raise savings rates to compete. If that happened, mortgage rates would have to increase as well.

But Ken Culley, Portman's chief executive, said: "Both my own society, and others, are

demonstrating that we are able to continue to offer attractive rates of return to savers, and talk of rising mortgage rates at this stage is premature."

A different fixed-rate option is available from Bristol & West.

Its escalator bond, available to those with £5,000, pays a rate of interest which is guaranteed to increase every year for five years.

In the first year, the annual rate is 7 per cent gross (monthly 6.79 per cent); the second year 7.5 per cent (7.25 per cent monthly); the third year 8 per cent (7.72 per cent); the fourth year 8.5 per cent (8.19 per cent); and the fifth year 9 per cent (8.65 per cent). There is no early access, except in the case of the investor's death.

■ Cheltenham & Gloucester is closing its Best 90 account to new investors from April 17. The account guarantees to pay the highest 90-day rate of any top 10 building society (plus Abbey National) on amounts of £10,000, £25,000, £50,000 and £100,000.

The guarantee extends until May 1994.

Philip Coggan

EZTs shunned

ENTERPRISE Zone Trusts turned into the twilight zone last year. Only £43.2m was invested in them in 1992-93, compared with more than £180m in 1991-92.

This may seem strange, as the tax relief on EZTs is generous - you are entitled to relief at your top marginal rate of tax, without any upper limit, on investments in enterprise zone property. Tax relief is available on loans taken out to fund the property, and rental income is also tax-free.

However, commercial property is inflexible and presently ravaged by a slump in prices. The tax rules governing EZTs are tortuous. These factors have forced down the demand for EZTs.

According to Ian Pugh, of the Allenbridge Group, unresolved issues also dented confidence. Problems interpreting the rules for apportioning a value for the land on which the property is built, on which tax relief is not available, forced many trusts to wait as long as a year before the value of their

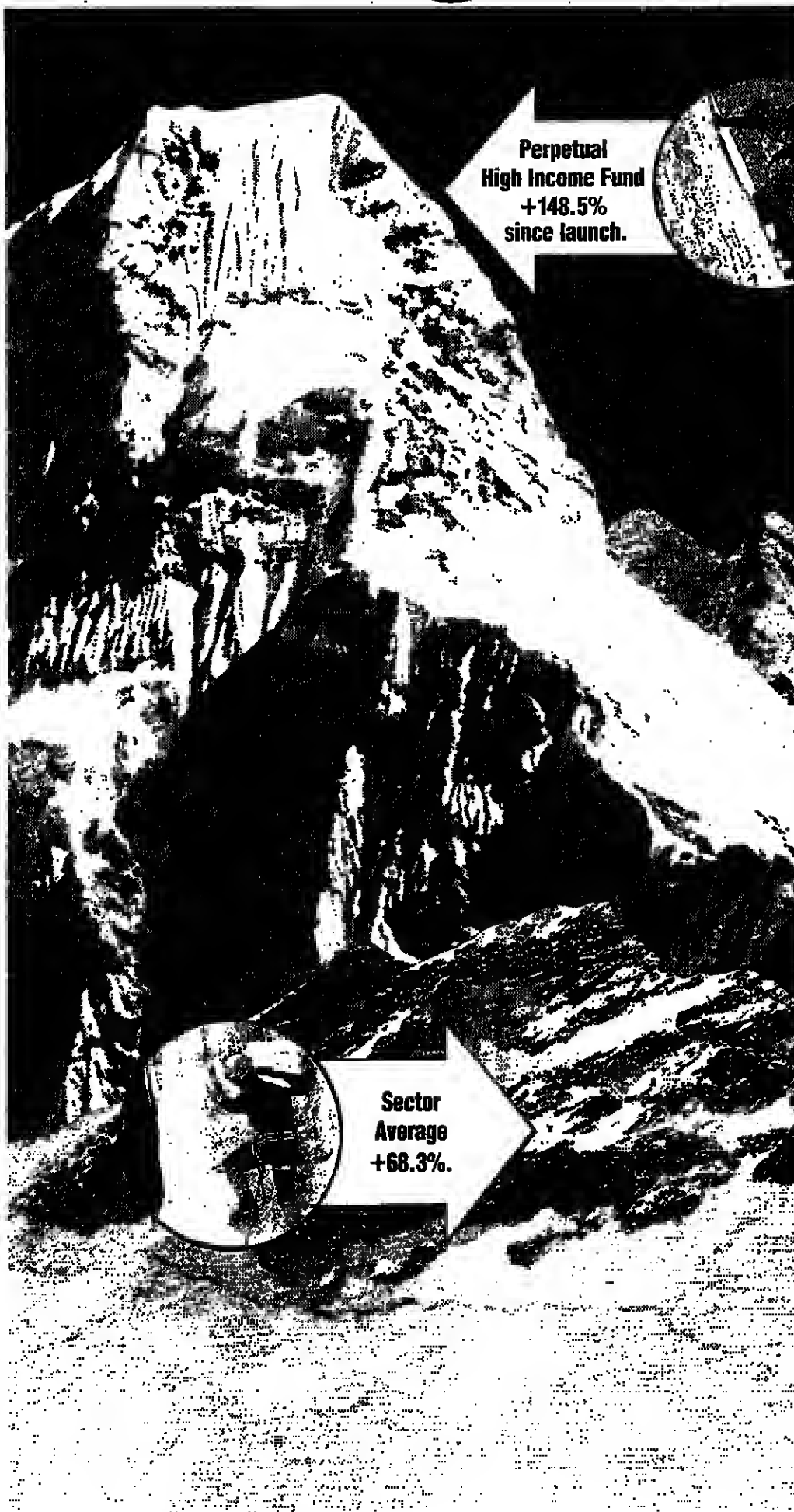
tax relief was known.

The Concept Regional Portfolio trust, sponsored by the solicitors Nall Clerk, fell foul of an Inland Revenue attack on the rental income stream it has arranged for investors to receive while the properties are being built. Negotiations are continuing, but investors meanwhile soldier on without their tax relief. Hardly surprising: the Revenue can only be expected to be indignant about paying tax relief on an income derived from a building which has yet to be built.

However, investors should not rule out EZTs altogether, particularly as the BES is to be phased out at the end of the year. Some trusts had a solid structure, offered good value, and sold out quickly this year even without the benefit of publicity.

But investors must also have learnt that this is a dangerous market. Opportunities exist, but nobody should try to take them without taking professional advice.

John Authers



Act now for peak performance

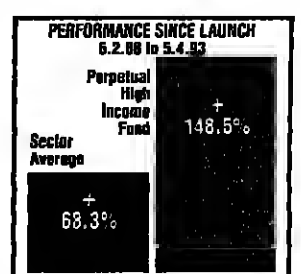
No matter when you invest in a Personal Equity Plan, any money you make is free of Income or Capital Gains tax.

But for maximum returns, why not get a foothold now, at the very start of the tax year? And at a time when returns from equity investments in buoyant stock markets look decidedly more attractive than those offered by the building societies.

Why choose a PEP from Perpetual? In a word, performance. Last year alone, we won no less than 15 performance-related awards, including The Sunday Times International Unit Trust Manager of the Year, The Observer Unit Trust Manager of the Year and The Sunday Telegraph Overall Unit Trust Group of the Year.

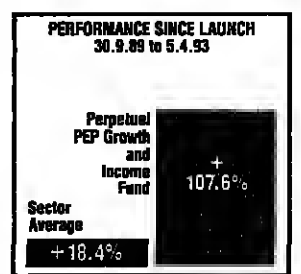
The Income PEP

Investing in the Perpetual High Income Fund, this is the ideal route if you're aiming for a rewarding level of income as well as capital growth. In the last 6 months, the offer value of units in the High Income Fund has increased by 33.9%.



The Capital Growth PEP

Investing in the Perpetual PEP Growth and Income Fund, this is the prime option for strong capital growth. In the last 6 months, the offer value of units in the PEP Growth and Income Fund has increased by 30.7%.



Why get left behind this year? For more information, phone the Customer Support Unit on 0491 417280. Alternatively, call our 24-hour literature request line on 0491 417417, or fill in the coupon below.

Over the last five years the offer value of units in the Perpetual High Income Fund has risen by 139.9%. All performance figures are to 5.4.93, are on an offer-to-offer basis and include gross reinvested income (source: Micropal). Prevailing tax levels and reliefs are liable to change and their value will depend on the individual circumstances of the investor. The value of units and the income from them can fall as well as rise (this may partly be the result of exchange rate fluctuations) and investors may not get back the amount invested. Past performance is not necessarily a guide to future performance.

To: Perpetual Portfolio Management Limited, PO Box 131, 48 Hart Street, Henley-on-Thames, Oxon RG9 2AZ. Switchboard: 0491 417000. Please send me further details on the 1993/94 Perpetual PEP (Please print clearly)

PRINT NAME (Mr/Ms/Ms)
ADDRESS

POSTCODE

Perpetual
Independent Fund Management
Member of IFA

FINANCE AND THE FAMILY

THE TOKYO stock market, which seemed only last year to have nowhere to go but down, has revived. The Nikkei 225, which in August reached a low for the decade of 14,820, peaked briefly above 20,000 this week.

For non-Japanese investors, the strength of the yen has given an extra boost to returns. The Japanese market was up 18.9 per cent in dollar terms in the first quarter of 1993, making it the best-performing major market in South Africa. Over the year to April 6, the rise in dollar terms was 42.3 per cent.

For UK investors, the effect of September's devaluation, makes the rebound even more dramatic. Since the Nikkei's low in August, the index is up around 89 per cent in sterling terms.

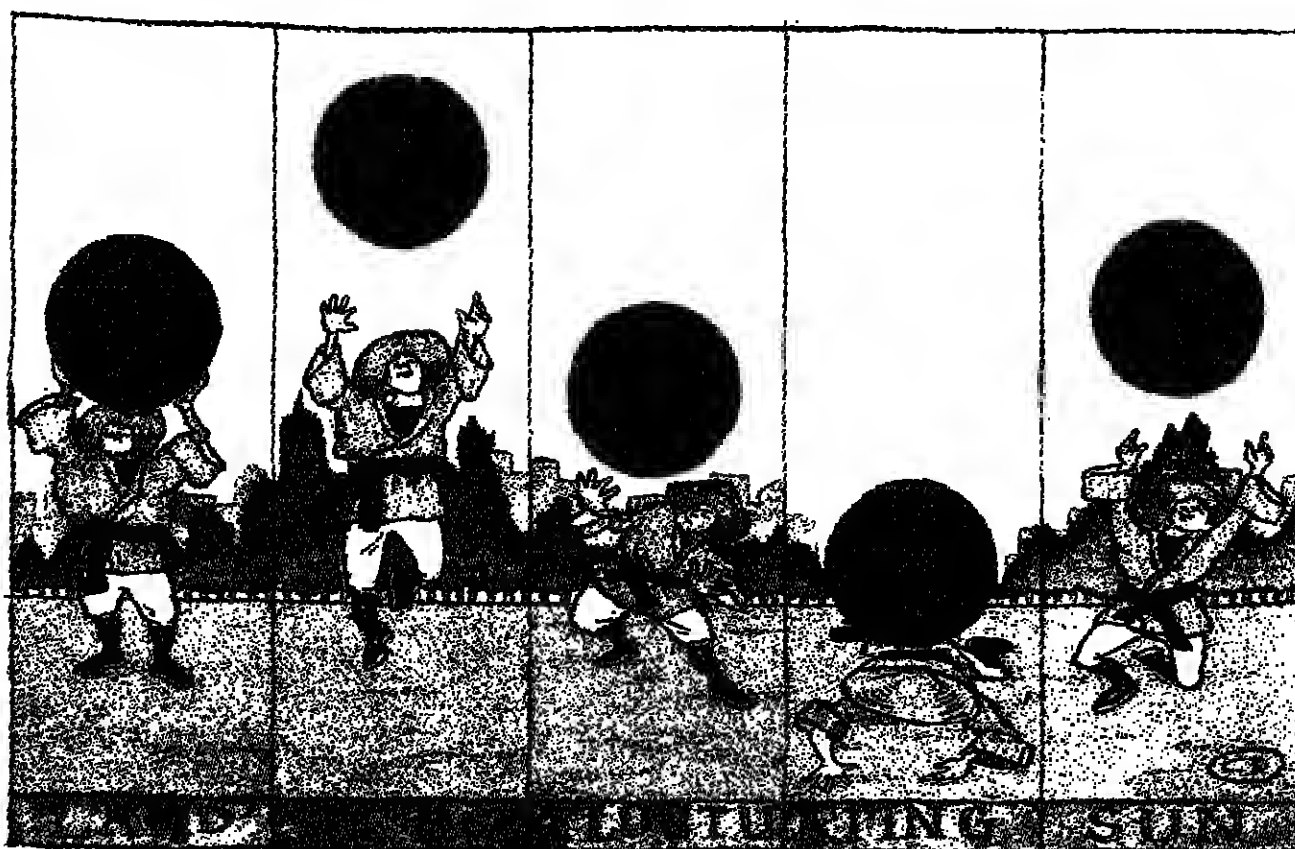
The average Japanese unit trust rose 38.2 per cent (offer to offer with income re-invested) over the six months to April 1, according to *Finstat*. But the market continues to trade at only half its level at the start of January 1990. So, private investors should be asking: is the rally set to continue, or have those who buy now missed the boat?

Ian Burden, who manages the James Capel Japan Growth fund - second in the sector over 10 years, with a rise of 483.9 per cent - says the rebound "feels completely different from any of the hear market rallies we have had over the past few years. The authorities are moving to a much more pro-active and aggressive policy stance."

He points to the speed with which the 1993 Budget was passed. "The Japanese economy is in severe recession, but fiscal policy is being used quite aggressively and there has been a gradual improvement in liquidity."

Burden adds: "The stock market will be an initial beneficiary of any short-term growth in liquidity, just as in the US when interest rates fell sharply and investors moved out of cash and into equities. There has been encouraging anecdotal evidence that the domestic individual is coming back into the market."

That move could be echoed



Tokyo breathes again

But will the market revival continue? asks Philip Coggan

by foreign institutions, Burden feels. "Since Japan has been something of a one-way bet for the past three years, many US and European investors have been underweight in the area."

Burden warns, however: "The news on the economy and earnings is still poor and I am not expecting any really good news on earnings until the period September 1993-March 1994. What the market is doing now is anticipating that 1994 recovery."

John Wright manages the Stewart Ivory Japan fund which, *Finstat* shows, is top of the sector over 10 years with a return of almost 500 per cent (offer-to-bid with net income re-invested).

"The general expectation was that the Japanese government would help the market

ahead of the March year-end when hanks have to value their equity holdings," he says. "Nevertheless, the fundamentals of the market are not that lousy. The country can take stimulative measures without putting the Budget into deep deficit, and inflation is very low."

One factor that always puzzles the overseas investor is that Japanese shares tend to trade on very high price-earnings ratios. In the mid-1980s, Japan bulls argued that these were irrelevant to Japan, where accounting standards are different.

The cynical saw that as the kind of argument that can be self-deluding, and the 1990 decline as a come-uppance for those who choose to ignore fundamentals.

Early in the 1990s, the problem has not been that share prices are high but that earnings have fallen dramatically. According to *Datastream*, the P/E ratio on the Japanese market is 49 now. If UK shares ever reached that rating, most sane investors would be heading for the exits.

Wright says Japanese companies are often "not run for bottom line earnings per share, but for market share and volume." He points out, though, that there are important valuation measures other than the P/E ratio: "Japan is cheaper than the UK and the US on a price to cashflow basis."

A further important factor is that the very low interest rates of the 1980s encouraged Japanese companies to splurge on capital spending. This hits

earnings by increasing the depreciation charge. But capital spending now is dropping sharply. This will reduce the depreciation charge and allow earnings to recover. P/E ratios may start to fall.

So, will the market move ahead once more? Wright fears there could be a correction once the Nikkei 225 moves into the early 20,000s. He thinks a more major move could depend on confirmation that corporate earnings are improving. Like Burden, he believes this might not happen until late this year.

Ken Inglis, group investment director at Allied Dunbar, says: "It is reasonable to assume there has been some sort of sea change in attitude towards Japan. The market has reached the end of a long dark tunnel, and it is encouraging for western investors to see that the banks are not leading this rally."

He feels that, though the rise will not be continuous, the market has further to climb.

Joanna romps in as top adviser

ATTEMPTING to assess financial advisers is not easy. They specialise in different areas and have to deal with people whose personal finances often differ radically. But a reliable system for judging the quality of advice is central to any reform of the UK's financial services.

The IFA of the Year competition, run by the magazine *Money Week*, has made such an attempt. Advisers were given detailed case studies of households and required to produce a 2,000-word report recommending how best to manage their personal finances.

The winner was Joanna Stone, who works for the fee-charging adviser Murray Noble. The case study she was set, and her response, showed just how complex personal financial planning can become.

Her case was that of Mr and Mrs Robertson, aged 41 and 40, with children of 16 and 13. The couple's annual incomes were £30,000 (including £7,000 in bonuses) for him and £20,000 for her (including £3,000 in bonuses). Both belonged to the company pension scheme, and the family carried private medical insurance.

Most of the income was spent right away, due to mortgage payments of £1,050 a month and school fees of £7,000 a year. But the Robertsons did have assets, including a French cottage and a share portfolio valued at around £10,000.

They had asked for advice simply to assess their position. They believed their budget to be very restricted, with no more than £100 a month to spare.

While nothing much rings alarms bells there, Stone found several areas where she felt the Robertsons needed to alter their finances radically.

She said the big problems were the school fees and the mortgage, which was not protected by life cover, and she set out a plan to re-arrange the family's cash flow.

In descending order of importance, the key aspects were:

■ Agree a new budget and finance structure
Stone spotted that the Robertsons had an outstanding balance of around £10,000 on various credit and store cards. This is a ruinously expensive form of debt, and she pointed out that it was worth selling the equities to repay the card bills. (An equity portfolio would have to be chosen exceptionally well to manage a growth rate greater than a credit card interest rate). She also suggested that they should rent their property in France for £4,000 a year.

These two acts increased greatly the income available for spending each month. She also recommended forming a profit-related pay scheme into

A fee-based IFA has won a top contest, reports John Authers

which the bonuses could be paid tax-free, and taking out a fixed-rate mortgage. All of this would allow the Robertsons a sizeable cash reserve.

■ Arrange for further life cover

Stone looked at what the company pension scheme guaranteed and found Mrs Robertson's annual income would increase by only £3,000 after her husband's death while her debts would increase by £5,500. So, she suggested the family take out a protection policy to cover its £160,000 mortgage (at a cost of around £50 a month), plus term cover of £120,000 for Mr Robertson to last until age-65 (costing about £24 a month) to cover her until age-60.

■ Replacement income
Stone worked out that if both could not work because of temporary or permanent illness, their disposable income after 12 months (when their employer's sick pay arrangements ran

out) would be £5,777 a year. So, she proposed that both take out permanent health insurance which would start paying them an income once they had been unable to work for 12 months. (This time lag kept premiums much lower than if the income payments began earlier). Total annual premiums would be £500 (£700 if they wanted inflation protection).

Once this groundwork was in place, Stone suggested the couple build up a cash reserve and then invest in a regular savings scheme (probably the National Savings Yearly Plan), making occasional contributions to a larger portfolio when finances allowed.

What made Stone's work stand out? According to Keith Popplewell, who set the case studies: "The poorer candidates concentrated too much on the clients' need for death benefit. This 'need' may not exist in practice beyond cover for the mortgage and credit card balance... Surely an equal or even greater need is for permanent health insurance, a possibility left relatively unexplored by some entrants."

His final comment was telling: "To suggest, as many candidates did, that the expenditure saved could be invested in monthly savings or pension plans was, in my opinion, misguided. The immediate need for these clients was protection."

Stone's employer, Murray Noble, charges fees but not commission. Thus, it has no incentive to force clients straight into a high commission-bearing savings plan based on life assurance.

Amanda Richards, editor of *Money Week*, said the remuneration side was very attractive, adding that the magazine had received many strong entries from commission-charging advisers. But the award must cast doubt on the complaint, made often by advisers, that customers will not pay a fee.

Murray Noble seems to charge them without difficulty, and the evidence of this competition is that customers get good value for money.

A matter of forms

I HAVE JUST received a dividend from Euro Disney sent by the National Westminster bank. They say the form claiming a French tax refund should be completed in quadruplicate. Does this mean I should send four forms to the NatWest and one to the inspector of taxes in this country? Also, in claiming back the French withholding tax, it seems I shall lose a percentage of it. How much will actually be sent to me and my wife? Finally, do I claim the full amount that is on the dividend slip, as the shares are held

jointly with my wife? She is a 25 per cent taxpayer and I am a non-taxpayer.

■ Send all the completed copies of the form RF4-GB to your tax office. The inspector will complete his part, keep one copy for his file and send the others back to you; you should then send them back to the bank. You will be paid the 50 per cent *avoir fiscal* (tax credit) plus 2.5 per cent out of the 25 per cent withholding tax; so, ultimately, you will bear 22.5 per cent French withholding tax - which is equivalent to 15 per cent of the dividend-plus-*avoir fiscal*. As a basic-rate taxpayer, your wife ultimately will bear UK tax at 10 per cent on the dividend-plus-*avoir fiscal*, so she will end up with 75 per cent of the dividend-plus-*avoir fiscal* (subject to the variation in the exchange rate between the time the dividend was converted to sterling and the time when the payment from the French government arrives).

A joint claim by your wife and yourself will probably be acceptable to the French tax authorities. If your wife's affairs are dealt with at a different tax office from yours, however, it might be simpler to ask the bank for another form so that each of you can submit a claim in respect of your half share of the dividend.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All replies will be answered by post as soon as possible.

Your Peps are safe

MY WIFE and I are now living permanently in the Netherlands, having left the UK in April 1991, but are still treated as being resident in UK for tax purposes. However, this residential assessment is due to be reconsidered in April 1993 when we expect to be treated as no longer resident.

Both of us have several Peps taken out over a number of years. What will be the position when our situation changes and we are no longer required to pay tax in the UK? Will these investments in Peps be allowed to continue or must they be liquidated?

■ All that happens (under regulation 8 of the Personal Equity Plan Regulations 1989) when a Pep investor ceases to be both resident and ordinarily resident in the UK is that he or she is not entitled to put any more cash into any Peps. The regulation says that the investor "may retain the benefits of the plan (including the right to any relief or exemption due under the plan) subsisting at that time." Ask your UK tax office for the free pamphlet IR89(1992) (Personal equity plans).

Probate will be needed

MY HUSBAND and I have made identical wills leaving everything to each other and thence to our married daughter. The house is on a tenancy-in-common basis (50/50) to enable the surviving spouse to alter, if required, the terms of the will within two years of a testator's death by a deed of a family arrangement. Does the will have to go to probate should one of us die? Has the "deed of variation" been abolished?

■ We confirm that the will would have to go to probate. The deed of variation has not been abolished.

This reply was provided by Barry Stillerman of Stoy Hayward.

HIGHEST RATES FOR YOUR MONEY					
Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/Cs and BONDS (Gross)					
Birmingham Midshires BS	First Class 0902 302030	Postal	£500	5.75%	Vy
Barclays BS	Capital Trust 0230 326115	Postal	£10,000	7.05%	Vy
North of England BS	Edinburgh 091 510 0048	Postal	£25,000	7.50%	Vy
Northern Rock BS	Postal 30 0500 505000	30 Day	£2,500	7.30%*	Vy
Cheltenham & Gloucester BS	Best 90 0200 272383	90 Day	£50,000	8.30%	Vy
Scotcharborough BS	Scarbrough 0500 590578	90 Day	£100,000	8.00%	Vy
Universal BS	High Income Bond 091 232 0573	1 Year	£5,000	7.25%*	Vy
Chelston BS	Premier VII 0900 272505	1.85%	£10,000	9.25%*	Vy
TESSAs (Tax Free)					
Allied Trust Bank	071 828 0879	5 Year	£3,000	8.10%	Vy
Dunfermline BS	0232 721821	5 Year	£3,000	8.00%	Vy
National Citizens BS	0372 758702	5 Year	£3,000	7.90%	Vy
Tipton & Cooley BS	021 557 2551	5 Year	£1	7.85%	Vy
HIGH INTEREST CHEQUE A/Cs (Gross)					
Caledonian Bank	HICA 051 556 8235	Instant	£1	5.50%	Vy
Chelston BS	Classic Postal 0900 717615	Instant	£10,000	6.80%	Vy
			£25,000	7.10%	Vy
Northern Rock BS	Current 0900 591500	Instant	£50,000	7.07%	Ndy
OFFSHORE ACCOUNTS (Gross)					
Woolwich Guinness BS	Woodwich Int 0481 715735	Instant	£500	6.25%	Vy
Derbyshire (Q&M) Ltd	90 Day Notice 0624 683432	90 Day	£25,000	7.30%	Vy
			£50,000	8.00%	Vy
Bristol & West Int Ltd	Intl Premier 0900 833222	6 Mth	£1	6.55%	Vy
GUARANTEED INCOME BONDS (Net)					
General Portfolio FN	0279 462339	1 Year	£50,000	5.10%	Vy
Consolidated Life FN	081 940 8343	2 Year	£2,000	5.40%	Vy
Consolidated Life FN	081 940 8343	3 Year	£2,000	6.00%	Vy
Financial Assurance FN	081 367 8000	4 Year	£20,000	6.35%	Vy
General Portfolio FN	0279 462339	5 Year	£50,000	6.00%	Vy
NATIONAL SAVINGS A/Cs & BONDS (Gross)					
Investment A/C		1 Month	£20	6.25%	Vy
Income Bonds		3 Month	£2,000	7.00%	My
Capital Bonds G		5 Year	£100	7.75%*	OM
First Option Bond		12 Month	£1,000	6.34%	Vy
MAY SAVINGS CERTIFICATES (Tax Free)					
40th Issue		5 Year	£100	5.75%*	OM
8th Index Linked		5 Year	£100	3.25%	OM
Childrens Bond E		5 Year	£25	7.85%*	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (all other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. * = Rate fixed only until 1.7.93. † = After 6 months qualifying period. ‡ = Rate guaranteed until 1.6.93.

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NR25 0BD. Readers can obtain a complimentary copy by phoning 0922 500677.

STILL PAYING BUSINESS BANK CHARGES?

5.50%
P.A. GROSS WITH A CHEQUE BOOK FOR INSTANT ACCESS

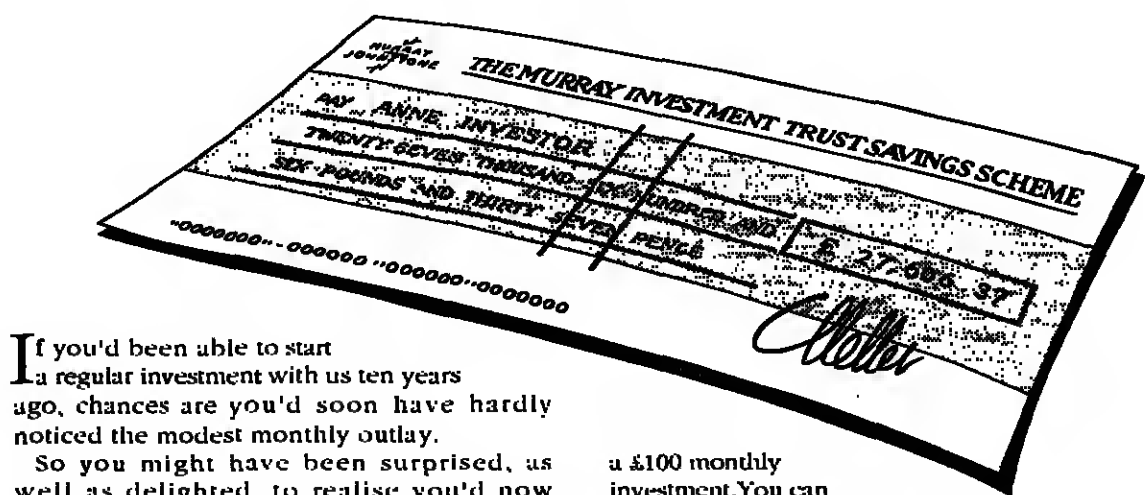
Interest paid to companies gross, to sole traders and partnerships net of basic rate tax. Interest rates may vary. No interest to be paid on deposits of £2,000 and below. Allied Trust Bank, 97-101 Cannon Street, London EC4N 5AD.

Cut out bank charges and earn good interest with a High Interest Bank Account for Business. Free banking is possible, subject to the account's terms and conditions. Minimum initial deposit only £2,001. Call 071-626 0879 (answerphone) for full details.

ALLIED TRUST BANK

MURRAY INVESTMENT TRUSTS

**Don't you wish...
...you'd been able to start investing
£100 a month with us ten years ago?**



If you'd been able to start a regular investment with us ten years ago, chances are you'd soon have hardly noticed the modest monthly outlay. So you might have been surprised, as well as delighted, to realise you'd now accumulated £27,606.37.

There's no reason for you to miss out on the next ten years. Invest regularly in a Murray Johnstone Investment Trust, and you'll get all the benefits of our worldwide investment skills and experience. Charges are extremely modest - only 70p on

a £100 monthly investment. You can put in lump sums when you wish - or withdraw your money; there are no early redemption penalties. For further information about our Investment Trust Savings Scheme, call us on FREEPHONE 0800 289 978 or simply FREEPOST the coupon.

THE MURRAY INVESTMENT TRUST SAVINGS SCHEME

Murray Johnstone Limited (MKT), FREEPOST, Glasgow G1 2BR
Please send details of The Murray Investment Trust Savings Scheme
Name: _____
Address: _____
Postcode: _____
7 West Nile Street, Glasgow, G1 2PX Telephone: 041-226 3131
Murray Johnstone Limited, Member of IMROA, 7 West Nile Street, Glasgow, G1 2PX Tel: 041-226 3131
*£100 invested over 10 years to 1st December 1992. Average return of offer to bid with net income reinvested in Murray Smaller Markets Trust PLC, Murray Income Trust PLC and Murray International Trust PLC. Return £27,606.37 source: Miscalc. Remember the price of shares and the income from them can go down as well as up. Past performance is not necessarily a guide to the future. Investors may not get back the amount they invested.

FASHION

Dressing for the Professions/Advertising

Fancy dress goes with the job



Charity Charity, an associate director and copy-writer at J. Walter Thompson, would never go out and buy a total look from anybody. Here she is dressed, typically, in her own highly idiosyncratic way. "The hat is from The Hat Shop - I got my hats from all over the place but buy quite a lot from The Hat Shop. The shirt is borrowed from my step-daughter, the braces are my grandfather's. I can't remember where I bought the boots but they're tied up with ribbons that came from my mum. I can't quite remember where I bought the brocade waistcoat, but I believe it probably came from Norman Hartnell. The suit came, I think - I hate labels so I always tear them out - from Selfridges."

TOGETHER WITH a finely-tuned nose for the most discreet table in a restaurant, a smooth way round the wine list and a liking for bruschetta, what the successful advertising man needs is a chameleon-like ability to adapt to changing moods and style. For nowhere does how you dress matter more than in the world of advertising, where image is everything and the medium is the message.

Walk into almost any agency and you are made instantly aware that a vital part of the potent cocktail on offer is style - and an essential part of that style is the dress of the people who work there.

Not that anything so crude as an edict is issued - "most people in the industry," says Jim Allman, director in charge of Unilever at J. Walter Thompson, "sense by osmosis what will and will not do" - for one of the paradoxes of Adland is that in a world where dress really matters immense freedom is allowed.

Paul Woolmington, managing director of 20/20 Media and a director and shareholder in Delaney, Fletcher, Slaymaker, Delaney and Bozell (you have to get used to these names in Adland) echoes the sentiment.

"One of the great beauties of this business is that we can express ourselves more freely than, say, the banking community. We can buy things for work that we are happy to wear in our private lives. We are ultimately businessmen in that we have to sell our services successfully to survive and yet what we are selling is our creativity. There is a dichotomy, a tension, if you like, that is always there. We have to look as if million-pound budgets are safe in our hands and at the same time as if we are brilliant enough to come up with an award-winning campaign."

"A certain chameleon-like quality is a great asset. My company looks after financial houses such as Merrill Lynch, the Ministry of Defence as well as food companies, Chrysler cars and Nikon cameras. It makes sense not to mix oil

with water. If I were going to see Merrill Lynch I would dress rather differently from if I were going to see my clients at Sago, where everybody is young and casually dressed."

The great divide in Adland is between those who are known as the "suits" (all those in account management) and the "creatives" (the copy-writers and art directors) although every account director has also to look a little creative, and every creative director has to look responsible and business-like. The days when you could tell the creatives by their jeans and T-shirts, their pony-tails and Doc Martens have gone.

At J. Walter Thompson, for instance, Jim Allman says: "Creative people dress more conservatively than you would think and in senior positions often dress much more like business people."

Jim Allman himself is a "suit", one of the new breed of international agency man, in charge of global account (Unilever) worth millions. An American married to an Italian and now working in London, his dress reflects his peripatetic way of life.

"I am probably not typical of a London agency man," he says. "I have lived half of my adult life in Italy and you can't live there without it affecting your aesthetic sense profoundly. My suits come from a tailor in Rome called Ulderico Basili to whom I was introduced by my father-in-law - this is much more for convenience and because I like him than for any snob value. He made the clothes I got married in and his made-to-measure suits cost less than most off-the-peg ones. My shirts are made by Il Portone in Rome - another of my father-in-law's introductions."

"Basically I hate to shop and once I find somewhere that suits me I tend to stick with it. Because I have to travel a lot for my job I can shop all over the world. All my neckties, come from Ralph Lauren - I like the look, the way they knot. All my sportswear also comes from Ralph Lauren."

"I buy traditional English shoes but I also have a favour-



Jim Allman, of JWT, director in charge of Unilever, wearing a suit by the Rome tailor - Ulderico Basili - his Italian father-in-law introduced him to many years ago. His shirts are made for him in Rome by Il Portone and here is teamed with a tie from Ralph Lauren. His shoes are a favourite Italian brand, Diego Della Valle

ite Italian brand - Diego Della Valle. I like Paul Smith, particularly his casual things. Winter coats are my great passion - I buy them from Bardelli in Milan and I have them in grey, navy and camel as well as a green loden one from Austria. My father never let me leave home without a white linen handkerchief in my pocket and to this day I always have one, though now they usually come from desurum just off the Piazza San Marco in Venice."

Paul Woolmington is also a "suit". "Typically, I would wear a suit but I wouldn't wear a totally conventional Savile Row one. For instance I might

wear a slightly alternative pin-stripe by Armani which is looser and slightly less formal than the conventional Savile Row version, but it would still pass muster and is also very comfortable for all the charging around I have to do all day."

"The creatives here are very smart. They would shop in the same shops that I do but as their angle is being creative they will probably make it just a little more interesting. They might wear a tweedy-looking suit by Margaret Howell and team it with a tweedy waistcoat. The grunge look is most likely to come via the creatives."

Billy Mawhinney - an Irish George Best lookalike - as joint executive creative director of J. Walter Thompson is very much a "creative" but his personal style is what he calls "smart but casual". Today, for instance, he is in Hugo Boss ("though personally I prefer Jasper Conran to anybody") and whenever he has clients coming to see him he would always wear a suit.

"Creatives, though, tend to wear them slightly differently - they may button up the shirt and wear it without a tie and put on a brighter pair of socks. I might wear a casual polo shirt under a smart suit. A few years ago a creative would signal his separateness from the suits by wearing a sober shirt and a bright tie. There is a feeling that you have to give your dress some kind of presence - even if you just add a huge badge. There ought to be something irreverent."

When it comes to the women "creatives" there tends to be a bit of role-playing, a bit of fancy-dress - one day it could be rock-star style, all leather and boots, another day Regency dandy. "There has to be a bit of theatre in what they do. For instance, a girl would not wear a power suit unless she made a joke of it, sent it up a bit. The poorer they are the more they play games with accessories."

Charity Charity, an associate director and copy-writer at J. Walter Thompson and thus definitely a "creative", says: "Put it this way, there is never any call for sobriety in our dress. It's almost not playing the game to wear anything too city or too sober. You don't want to look like somebody with no passion or who has borrowed other people's ideas."

"As creatives we are supposed to be original thinkers so our uniform is one of dissent. Clients seem rather to like it - they can readily identify us at meetings, they know who we are meant to be. Personally, I would never wear something like jeans - too conformist. Today, for instance, I'm wearing a pair of antique Victorian lace-up boots, an Australian Bushman's hat, an extremely short tight blue skirt, a match-

ing riding-style jacket and a Voghi scarf which is the longest thing I've got on."

"I often try to wear something seasonal. Around Christmas I will wear the family tartan, on cold days I sometimes wear ten petticoats, around Chinese New Year it might be a cheong-sam and jade necklaces. I would never wear a power suit, unless I diffused it in some way."

"Female suits go to places like Harvey Nichols where they probably use the wardrobe advice service and turn up to look at a whole range of options lined up for them, or they would shop at Nicole Farhi or buy Italian labels. The colours would be brighter than you would find in the City of London. They would not think twice about wearing floaty numbers - and they NEVER carry huge hold-all handbags."

"They have to look neat and above all they must not look as if they are shambolic thinkers. The clothes have to say they are dependable and reliable but that they also have flair."

In a world full of legendary snappy dressers - Charles Saatchi, renowned for his Comme des Garçons suits, John Hargarty, the archetypal 80s Paul Smith man, Robin Wright with his bright bow-ties and his silk waistcoats, Frank Lowe and his Armani suits - the new name that is most mentioned when chat turns to clothes is Graham Fink of Gold Greenless Trott. Given to Gaultier suits worn without a shirt and to attending black-tie dinners in an unconventional eclectic mix of his own, he is generally conceded to have the looks and the personal style to get away with his idiosyncratic way of dressing."

Mostly, advertising people's sartorial escapades are looked on with affectionate amusement. Graham Fink may still be remembered for his eclectic dinner suit but Charity Charity had the chutzpah to wear a £390 eau-de-nil satin slip from Marks and Spencer and "some rather nice jewellery from Granny" to an industry dinner - and nobody batted an eye-lid.

Lucia van der Post

THE
THING IN
MILAN
(IS ACTUALLY THE THING IN
NUMBER 203 PICCADILLY LONDON).

Those uncontrollably casual Italians are hounds for English style tailoring - particularly our more informal jackets. But what they have to search high and low for in the Vias and the Corsos, you can find in Simpson Piccadilly without moving a muscle. Do make the effort to stand erect when you try one on though. This is England after all.



DAKS Simpson

071-704 2000 PICCADILLY



مكتبة النور

FASHION

The multiples wake up to a new sense of style

Consumers are more canny about their shopping, and British chain stores are at last responding to that, says Brenda Polan

HERE IS, says Brian Godbold, head of design at Marks and Spencer, an inverted snobbery operating on behalf of the retail multiples. "During the 1980s people desired the glamour of up-market designer labels; now, in the 1990s, they derive satisfaction from good sense shopping." To be able to say: "Goah, it's just good old Marks and Spencer" in response to a compliment apparently makes us feel clever and slightly smug.

Being sensible does not, however, mean being dowdy. The compliments are part of the deal. Women are trading down only in terms of price and label

cachet. They still want high quality and they still want good, fashionable design.

There is, in itself, nothing remarkable about this information - it is what most customers would have said they have always wanted. What is remarkable is that, at last, the multiples, which have long had the largest slice of the British clothing market and a nice complacency to go with it, accept it and are acting on it.

Two factors have come in to play. One is a new academic approach to market research and a readiness to believe what it says. The other is a willingness to use the information, to take what once would have

been considered foolhardy risks. The multiples have found the courage to lead the market rather than follow it by employing the best designers whose instincts are so good they cannot help but innovate. And they can get the best designers because they can offer them jobs where growth and excitement can be guaranteed.

"It," says Mike France, buying director at British Home Stores, "you take The Gap as the doyen of the 'fashion-mod-estate' look, an area in which we operate, it is clear that its policy of constantly updating its classic merchandise is what keeps its customers coming back. For the designer, that is a tough and endlessly stimulating project."

Maintaining the perception that freshness and novelty are constants in a store is even more important than before, says Diane Grant Davidson, of C & A. "It is not a question of multiple purchases any more. The customer is carefully buying one item and then returning the following week for something to go with it. She must not feel bored when she comes back. There must be excitement and amusement. We have always had to be very nimble hot now we are dancing a very intricate dance."

All the multiples have developed similar policies in order to do more than merely survive the new recessionary era of padlocked purses and cut-up credit cards. They intend quite aggressively to increase their market share.

"We are," says Brian Godbold of M&S, "chasing names like Joseph and Whistles. While satisfying our traditional customer, we have widened our appeal to scoop up the money which younger customers spend on fashion basics - tights, leggings, bodices, jeans, polo-neck sweaters, blazers, stretch jodhpurs. These and other fashion basics are among our top-selling 25 items and those top 25 items make up 10 per cent of our business. We had basic, well-cut bell-bottoms in almost as soon as they were seen on the catwalks of the international designers - and at £19.99. Once the fashion-conscious customer knows she can get the foundation of the latest look from us, at that price, why should she go anywhere else?"

If M & S is chasing the smart, price-conscious independents, BHS and C & A are, in different respects, chasing M &

S. C & A, a specialist in throw-away young fashion, has for many years been developing the older, higher quality working-woman Yessica range. "The little suit, the workplace uniform was a wonderful formula for women. But that well is drying up," says Diane Grant-Davidson. "Currently, the impetus, the excitement is coming from street fashion, the youth-cult, seventies revival grunge look. Our designers have gone with that direction, reproducing the look and providing all its basic elements for our youngest customers and allowing its softening influence to affect the fabrics, proportions and details of the rest of the merchandise."

BHS, on the other hand, a company which three years ago was suffering severe financial difficulties, has significantly increased its share of the market by, in the aftermath of his frustrated departure from the Storehouse group, accepting Sir Terence Conran's legacy and adopting the policies so doggedly resisted by management during his tenure there.

It has discarded the dull and banal and embraced both fashion and good design. Its clothes for teenagers are at the cutting edge of youthful fashion, while its grown-up basic wardrobes for women and men are stylish and fashion-influenced.

"Our customer," says Liz Broughan, BHS buying director of womenswear, "was into long skirts so fast you would not believe it. After the 1990s the customer has become very confident. She is educated in fashion, in what suits her, in the appearance she wants to present. And she is very independent-minded about it. Many remember the long skirt from the mid-eighties, of course, and know that it need not look 'trumpy', merely pretty - like the Ralph Lauren prairie skirt, for instance."

When ex-Next boss George Davies first mentioned demographics and the needs of baby-boomers as the platform for the launch of Next, many arthritic mass retailers mocked it as a gimmick. They, with their years of experience, knew better. Headlessly, they continued to patronise their customers. They have been made to eat their dismissive words.

"Information is the most important tool we have," says Brian Godbold of M & S. "The fact that the population is ageing - by the turn of the cen-



From C & A, the all white 'linen' look

tury more than half the adults in Britain will be over 50 - is on our side. Those are our customers. But we have to be aware that the new 50-year-olds are not like the old ones. They are much more demanding, much more fashion-aware, much more critical of quality. "Most of our customers," says Helena Packshaw, marketing director of BHS, "work full or part-time. The typical customer has children and they are her first spending priority; she finds it easy to justify spending on them. But, on a shopping trip, she likes to give herself little treats: a cup of coffee or a new sweater. If

she wants it, she will rationalise the purchase in terms of need."

"She also buys 80 per cent of the menswear we sell because she is very style-conscious and wants to upgrade the appearance of the man in her life. She wants him to look as if he is with her. Price might be critical in her choices but it is also secondary. First, the product must meet her fairly exacting standards of style and quality."

"The customer has money but she feels bruised and humiliated by the recession, cheated and apprehensive. There is a feeling that no job is safe, that any promises of

recovery are not to be trusted and caution is the wisest course. To persuade her to part with her money we have to meet all her criteria."

The policy is easy to formulate; the merchandise is much harder to provide. Only the designer can do that. Belatedly, managers and accountants have learned to trust those exotic creatures whose thought processes always seemed alien, more like instinct, whim and vague feeling than an exercise in logic. "It has," says Brian Godbold, "been a long struggle to be taken seriously but now we have a terrific working relationship between design and business, a rare confidence in each other."

His department at M & S employs 25 designers led by Shellagh Brown, one of the best-known and most respected designers of her (babyboomer) generation. "We have no problem recruiting the best people because they can see the potential in the business," says Godbold.

In addition, he uses designers such as Paul Smith and Betty Jackson as consultants. The department's function is to provide a design brief for each buying group within the company and to work closely with the designers employed by Marks and Spencer's suppliers. "It means that, at last, we have consistency across the business, a coherent point of view, and the trust of the management when we move into the more risky fashion areas."

For the last year or so, Godbold has been allowed to leave part of his budget uncommitted so that he can respond quickly to a hot fashion trend. "For example, last spring we bought £2m worth of gingham from a standing start and had it in the stores fast. It sold out. We did another £5m and then, when that sold out, went to £10m, which also sold out, and then got out. The secret is to get in fast and get out fast. Last autumn we did the same with £7m worth of animal print and at Christmas we shifted £15m worth of tartan in a matter of weeks."

The current revival of 1970s styles represents another area of high risk for the multiples. They know that a fashion swing like this is so powerful that virtually all the young will adopt it - but do the multiples, with their vast floor spaces and their need to please all of the people most of the time, have the "street cred" to convince the young that their bell-bottoms and crocheted singlets should come from the place where mum buys her knickers? On the strength of their phenomenal success with leggings, polo tops and bodices, they are sure that they do.

"All you can say," says Helena Packshaw of BHS, "is that the sharper and more fashion-conscious we have become, the better our sales figures. We are growing and gaining market share. We are 9 per cent up this financial year; it was 10 per cent last year."

Adds her colleague, Mike France: "The present economic conditions will prevail for a long time yet and the psychological effects of this recession will be felt for a lot longer. Lazy retailers will not survive. You must be innovative. You must lead."



From BHS, washed yellow trousers, matching jacket and floral waistcoat

A feeling of Summer.



Canton Cricket Pullover £110.

The Scotch House.

FEEL THE DIFFERENCE

2 Brompton Road, London SW1
44-46 & 191 Regent Street, London W1
1001 Piccadilly Street, Edinburgh 1
1001 Buchanan Street, Glasgow G1

For more information please telephone 071-491 2131



ASSURANCE

IN EVERYTHING YOU WEAR,
AS IN ALL THAT YOU DO.

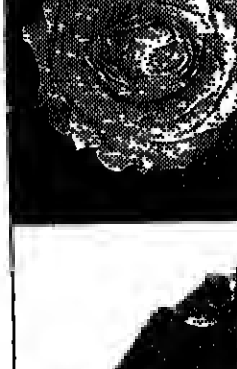
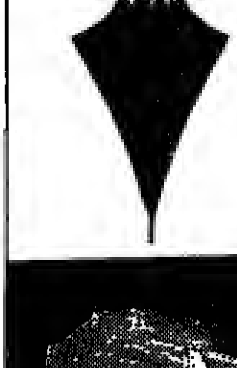
Chester Barrie
SAVILE ROW

32 Savile Row, London W1X 1AG. Telephone 071 734 4733
Available at selected Austin Reed stores, Harrods, Selfridges
and other quality stores worldwide



From most M & S stores, a lean cream wrap skirt and rib jumper

Foley & Foley
SHIRTMAKERS
Our Shirts are made from the finest two fold cotton poplin available. Generously cut. Priced at only £36.50. Our quality shirts are made in our own work rooms. No charges for post or VAT. Send for our colour brochure today or telephone 071-639 4807 (Fax: 071-277 5565).
Foley & Foley, (Dept. FT), Unit 1, 1A Philip Walk, London SE15 5NH.



HACKETT
LONDON

Gentlemen's
Clothing

137-138 SLOANE STREET
LONDON SW1
071-730 3331

FOOD AND DRINK

Time to put a stopper to cork

It is humble, archaic and prone to failure. Is there anything better? asks Jancis Robinson

WHAT YOU are going to see will strike you as primitive. "Is there not another way?" you will wonder. "Yes there is, and it will eventually be implemented." This was how the export director of the world's biggest cork company prepared me for the second half of a tour that had not, even up to that point, been distinguished by sophistication.

Amorim & Irmão's cork processing plant just south of Oporto in Portugal is a hangar the size of 16 football pitches. Hanging in the rafters is the sweet smell of bottling cork bark for, before anything else happens to it, each man-sized strip of bark is boiled for 90 minutes in ancient, blackened cauldrons to soften it and, it is hoped, eliminate the harsh elements and any taints.

On the rough earth floor are steaming piles of cork bark, covered with patches that can look alarmingly like mould. After drying, these coarse strips of bark are then picked over by keen-eyed factory workers, graded, and sent

up, just as they were a century ago, in preparation for the next stage in the process: the manual, popgun punching of corks from strips of bark which Antonio Affonso de Barros is so anxious to modernise. All it will take is a bank of laser scanners and an awful lot of Escudos.

The wine cork business is in turmoil, and it has nothing to do with how corks are punched. The wine world is kicking up a stink about the unreliability of its traditional stopper.

Modernists object to grappling with a corkscrew and a bit of bark. Everyone, including those who mutter about cork trees being stripped too young, feels that the incidence of "corked" bottles - containing wine rendered undrinkably

smelly, presumably by a tainted cork - is too high. Some reports put the incidence at one in 12, which is surely an exaggeration.

No more than one in every 50 to 100 bottles I open shows any corked character, although I have noticed an increase in the incidence of "cork police" - as in "this wine's a bit corked, isn't it?" And once the suggestion is made, it is difficult to resist... especially if resistance implies that your nose is less sensitive than the cork policeman's.

Research has isolated the chief suspect, a substance called TCA for short, which results from an unhealthy blend of chlorine, moisture, mould and phenols and turns a wine's aroma into an odour. However, it has also been found in uncorked liquids, presumably as a

result of chlorinated water and less-than-clean storage containers, thus providing the cork manufacturers with a little defensiva ammunition.

"We are fully aware that the cork is a very unwelcome element in the wine package," Affonso de Barros told me, wearily, "but look at the alternatives. Is there really anything that can be made by machine, offers a reliable seal, is inert to wine and is also easily extractable?"

Top contender on all these counts is the humble crown cap - the one that has to be levered off beer bottles - so humble I am not even sure how it is known in the closures trade.

It is considerably cheaper than cork but fails principally on aes-

thetic grounds, probably because, I would suggest, the yanked elbow is an action so much less elegant than the sommelier's current graceful arc.

The screwcap has the advantage of being resealable, but cannot offer a perfect seal in the first place if temperatures rise. And the plastic cork substitute surely combines the worst of all worlds, except that it should be much easier to keep free of TCA.

The cork industry has been slowly wielding a new broom to push TCA out of antiquated warehouses. Most producers offer hydrogen peroxide treatments in place of the old chlorine bleaching which, as monitored by David Ramey of Chalk Hill, one of California's most scientifically rigorous winemakers,

has virtually eliminated the problem of "corkiness" now that cork producers have reduced the amount of hydrogen peroxide used.

However, cork producers continue to offer both chlorine bleached and hydrogen peroxide-treated corks, and according to Affonso de Barros, many of the cork brokers on whom the wine trade depends have been slow to accept the new, chlorine-free model.

Amorim is also perfecting a special non-chemical heat treatment, although so far this is available only for champagne - sorry, sparkling wine - corks.

I have long argued that the gap between the cork trade and the wine trade was unnecessarily wide - too wide to permit vital

communication between the two. Affonso de Barros did actually spend eight "fascinating" years of his working life working for the other side, as a director of purchasing for the huge Seagram organisation in Oporto and thus as a big buyer, rather than seller, of corks.

He claims - but then he would, wouldn't he - that much of the problem lies in wine producers' treatment of corks. They tend to be shipped around the world in large plastic bags which should be stored within fairly narrow ranges of temperature and humidity.

He has seen them stored under a hot tin roof in Australia. For example, and would like to see cork cassettes included in the syllabus of all winemaking courses. "Many of these problems could be avoided if the wine industry was willing to co-operate in depth with the cork industry by exchanging views and taking advice."

During current hostilities, this seems all too unlikely. But is the wine trade really prepared for life without a pop?

An undercover bottle bank

THERE IS a bank open today more than 100 feet beneath the English countryside. It deals in commodities other than gold and silver, on deposit, products traded by leading brokers. Its currency is not cash or cheques, but bottles.

Protected by steel doors and concrete-lined walls, the owners maintain strict security over their liquid assets - wine. There is more than £144m worth of fine reds, rosés and whites in what is thought to be Britain's largest bottle bank, the Corsham stone mine in Wiltshire, southern England.

Left dormant by its former owners, including the Ministry of Defence which used it as an ammunition dump, the mine has been given a new lease of life by a company enjoying a dominant position in the wine storage business.

Octavian, a bonded warehousing company, has shaken up the musty ranks of Britain's wine industry through a series of aggressive takeovers, culminating with its 1991 acquisition of Frasers, a competitor whose main asset was the 33-acre mine at Corsham.

The company has since spent millions refurbishing the mine with computer-controlled dehumidifiers, a truck terminal and underground offices. That investment is beginning to show a handsome return: Octavian now holds 600,000 cases of wine at Corsham and a further 600,000 cases at its site in Charlton, south east London.

Formed only a couple of years ago, Octavian's rapid success has raised questions among traditional vintners about how such a young company could command a large slice of the storage market. The answer lies with the hackers who have invested heavily to create ideal conditions for storing wine. They saw a niche market for bulk storage and decided Corsham was the perfect site. The mine had already been converted into a warehouse by the MoD, which dug tunnels large enough for an Underground train and installed its own underground railway, which now carries wine.

Corsham's backers are led by Nigel Jagger, a millionaire

financier, who says: "The wine stored here represents an important part of the world's stock of fine wine. It is like a large safety deposit box and we operate like a bank."

Jagger, who lives in Jersey, made part of his fortune as an executive director of Atlantic Computers, the subsidiary of the British and Commonwealth Group, which collapsed in 1990.

His competitors in the wine trade say they are wary of an enterprise controlled by an off-shore company. Documents filed at Companies House show that most of Octavian's shares are registered with the Reredos Corporation, an offshore holding company with offices in Panama and Zurich.

With the backing of Jagger, Octavian has pursued new customers aggressively and now has large commercial wine stocks. Some of the brightest New World wines are lying in the darkness at Corsham, including 70,000 cases imported by Edward Caveudish, the largest dealer in South African vintages.

Octavian inherited most of its stock from its sister company Cert, the public warehousing group also registered with the Reredos Corporation and backed by Jagger. Cert's influence over Octavian has left the storage company more closely attuned with stevedores than wine connoisseurs, but that has not deterred large collectors from sending stock to Corsham.

The Wiltshire mine has wooed customers from other companies but its rivals claim it is winning new business only by undercutting the market price for storage. Trappe Cellars, the London company where Christie's and Sotheby's keep their stocks, has been one of the main victims. It has lost 20 leading clients to Octavian.

Many London companies are thought to be under pressure from British Rail to vacate railway arches which it wants to

redevelop. Wine merchants Milton Sanford, for example, is moving its stock into a disused chalk mine near Twyford, Berkshire, which it is converting into a wine store.

Richard Sandford, the owner, says: "London is becoming an expensive place to store wine. I know one merchant who is being charged £23,000 a year by BR for 30,000 of space."

Octavian has been the main beneficiary of the migration out of London by some merchants. And the company says it is expanding into an area previously dominated by Trappe - stocks held by private investors.

Such a move could change the complexion of the wine storage business, according to John Davis, co-founder of Trappe, who claims: "There has been a contraction among smaller and middle-size storage companies. We will be left with a few big players and Octavian will be biggest."

But Jagger rejects such fears. Climbing up the main shaft from the Corsham mine, he says: "We have a perfect wine store. The temperature is ideal, there is no vibration and no natural light. Anyone who cannot provide this sort of service will not survive. The best news for me is that our competitors are giving up."

Tuscany's good oil

WE HAVE travelled a long way since the mid-1970s when I bought my first olive oil. In those days, it came in a rather baroque-looking bottle from Boots the chemist and doubtless was intended more as a laxative than a gastronomic accessory. Now, every delicatessen and supermarket stocks half a dozen olive oils from different countries.

Tuscan oils are the ones we talk about most although they differ from those originating in the more torrid parts of Italy and their peppery nature is not always to everyone's taste. But that fiery finish is typical of the region.

To some extent, olive oils are like the wines which are so



Chief hand Gavin Powell inspects cases of wine in the Octavian bunker

often their stakeholders. They are the products both of climate and different varieties of fruit. In the hotter parts of Italy, Spain and Greece, the oils often are rich and buttery. The Tuscan character derives from the comparative coolness of the climate and the need to pick the olives when slightly under-ripe to avoid the winter rains and frosts.

The main Tuscan olive is the Frantoio, which gives the oils those aromas of hazanans, apples and avocados. The Moraiolo variety is responsible for the pepper and the Leccino provides the "fatness".

Just as Tuscany's wine is governed by strict regulations laid down by various consortia, so also is the olive oil. Some growers, however, have gone one step further and formed their own, highly-select, consortium which makes a sort of super oil called Landemio.

This was born of the 1985 crisis when 90 per cent of Tuscany's olive trees were blighted by frost as temperatures plummeted. But the olive is a hardy plant, and many of those which seemed dead grew back from the roots. It was a slow process, though, and the trees have only come back into production in the past couple of years. During the late 1980s, much of what purported to be Tuscan oil was anything but.

The Landemio consortium was formed in 1989 with 31 estates and production was limited to approved sites in central Tuscany. All the olives must be cold-pressed before December 15 to ensure "typicity" and great care is taken to avoid bruising. This is intended to prevent high acidity, which could lead to fermentation.

The acid level in Landemio

is fixed at half that of normal Tuscan extra virgin, and they must be submitted to a tasting panel which meets on the ground floor of a villa in the suburbs of Florence.

The tasters sit solemnly over a row of oils, looking for such qualities as their balance of fruitiness and pepper, plus any defects such as rancidity. The morning I visited, every one seemed to have passed with flying colours but, in all fairness, it must be noted that olive oil is not as easy to get wrong as wine, and the success rate in the examination is correspondingly high.

Six of these Landemio oils are now imported into Britain in their smart, 500 cl bottles, a special feature of which is a screw-on spout which prevents your guests from being over-lavish as they pour the contents into their soup. And all six are excellent.

My only complaint would be about Landemio's insistence on filtering the oils. Many Tuscan estate-owners to whom I spoke said they preferred unfiltered oil and used it exclusively at home. But this decision was taken to avoid offending Americans who, apparently, want their olive oil bright, and because the cold-press tend to blacken if the oil is not kept in a cool place.

It might well be that, in the US, they are put off by such things; but, in Britain, the wonderful Nubes de Frado oil from Bagna in Spain is sold unfiltered to its numerous devotees. Twenty years on, I think we are quite grown-up enough to take cloudy olive oil.

Stockists: Prescobaldi The Oil Merchant (081-740 1335 for retailers or mail-order sales); Fattoria Serravalle, Fattoria Serravalle, Fattoria Serravalle, Fattoria Serravalle (071-267 1121 for retailers). Baggolino is available from branches of Corney and Barrow and The Vintner wine merchants. Poggio Capponi is imported by Damarr. Ltd. (081-444 1464). Torre di Gai-alona is imported by Guidetti Fine Foods (081-460 3787). Prices range from £10 to £14.50 a bottle.

Giles MacDonogh

Cookery

Putting the heat on Easter bunnies

HARES once were associated with pagan rites of spring. Perhaps that is why they are believed by some to be magical, slightly frightening creatures.

Rabbits, altogether tamer, have developed links with Easter although, frankly, I see more commercial reasoning than Christian message in giving and receiving chocolate bunnies and greetings cards depicting winsome cotton tails bounding through the daffodils.

I prefer my rabbits in the cooking pot - and the more readers I can persuade to follow suit, the better pleased I shall be. Anything to cut down on the numbers of these destructive wild pests attacking my garden and others hereabouts.

But the recipes which follow - one hot and one cold to suit the vagaries of UK weather - work every bit as well using farmed rabbit although cooking times will vary depending on the life style (rampered or scavenging) and the age of the bunny you use.

Although the finished dishes are different enough to be suitable for serving on consecutive days (the first is a hot main course, the second a first course for serving cold), both involve poaching. So, it makes sense to cook all the meat simultaneously in the same pot. This saves time and fuel and brings the bonus of particularly succulent stock - a key ingredient in the second recipe.

The accompaniments can be prepared ahead (they keep well in a covered dish in a low oven for up to an hour) or they can be cooked while the rabbit rests. Scrub, peel and dice a generous 1½ lb celeriac (this is the prepared weight required; trimmings can be saved for soup). Steam the celeriac for 10 minutes or so until tender, and blot dry.

Peel and dice the apples and sauté them for 5 minutes or so



In a little of the butter, Mash the two ingredients together roughly; aim for a texture closer to good knobly tinned than potato purée. Add the rest of the butter. Season with sea salt, mustard, pepper and most of the freshly-toasted and lightly-crushed cumin seed.

Drain the hot, poached rabbit for serving, lay it on the bed of vegetables and sprinkle it with the rest of the cumin and a little chopped parsley.

RABBIT BRAWN

(serves 6)
Ingredients: the forequarters of both rabbits and some of

the saddle, prepared and cooked as described above; all the cooking liquor; 6-8 oz cooked gammon or ham carved from the bone in ¼ inch-thick slices; 1 slightly rounded tablespoon gelatine powder; 3 tablespoons freshly-chopped coriander leaves; the finely-grated zest of a lemon; a few green peppercorns.

Method: Leave the poached rabbit in the cooking pot until cold, then strip the meat from the bones (there should be 6-8 oz of flesh). Wrap the flesh to keep it moist and chill it. Return the bones to the pot (together with any bones saved from the other recipe) and simmer very gently, without a lid, until the stock is flavoured intensely and reduced to 1½ pt. Strain the liquid, dissolve the gelatine in it and cool, then chill it until syrupy and approaching setting point. Spoon a little into 6-8 small ramekins, just enough to cover the bottom of each dish. Add a pinch of chopped coriander and refrigerate until set.

Meanwhile, cut the rabbit meat into small quills and dice the gammon or ham. Mix the meats in a large bowl with the remaining coriander, the lemon zest, the bruised green peppercorns and the rest of the cool syrupy stock.

Divide the mixture between the ramekins. Cover and chill for eight hours or until set. Unmould for serving, with a little greenery to garnish and thinly-sliced brown bread and butter on the side.

Philippa Davenport

Unscrambled eggs.

Everyone's thoughts turn to eggs at this time of year. And, while many people share our concerns about the suffering of battery hens, they are unsure about the alternatives available.

In the above captions we have tried to describe the various production methods, without fear or favour.

If an eggbox doesn't specifically say 'Barn', or 'Free-Range', the eggs will almost certainly be battery produced.

Phrases like 'Farm Fresh', 'Country

Fresh' and 'Naturally Fresh' are completely meaningless and are used to endow rustic charm to a process that is neither rustic nor charming.

They are no more than battery eggs in disguise.

For more information on battery egg farming, and the action that you can take, write to the address given below for our free information leaflet.

It's time that the chicken came before the egg.



JERRY LLOYD, DEPT. FT, RSPCA, THE CAUSEWAY, HORSHAM, WEST SUSSEX RH12 1HG.

CLARETS AND VINTAGE PORTS WANTED
We will pay auction hammer prices. Payment immediate. Please telephone Patrick Wilkinson 071-267 1945
WILKINSON VINTNERS LIMITED
Fine Wine Merchants
41 Constance Rd London NW4 2LN

Because he's already got the Roles
What do you give a man who knows what he wants and how to get it? What gift, then, has the most value and is most appreciated? A car and a valuable time-winner of a vintage that matches the date to his birth, presented in a gold-rod leather-bound presentation case accompanied by an original copy of 'The Roles from the main day. Because he appreciates the gift. Because he'll never forget it. Because he's had the gold watch for years.
For information on Role watches, please telephone 081-740 1335

THE PENINSULA NEW YORK
SHAPE THE EXPERIENCE
The Peninsula Hong Kong • Manila • New York • Beverly Hills
The Palace Hotel Beijing • The Pousdon Hotel Hong Kong

مكتبة النور

Courage on the high seas

Sailing/Keith Wheatley

CAROL Randall remembers the time and the place precisely. It was 7.55 on the evening of March 5 when the Southern Ocean shattered her right knee. The yacht *Heath Insured* was half way between Hobart and Cape Town (the nearest land being Antarctica) and Carol was belting the 38-tonne boat through the worst storm the British Steel round the world race had yet encountered.

A wave as tall as a three-storey house slewed the yacht around. The wheel span uncontrollably, taking Carol's 9st weight down on to the leg she was bracing herself against. The twisting motion tore two ligaments apart.

"It was absolute, instant agony. I felt like my knee had exploded. The good point was that I hadn't heard anything crack," recalled Carol, 33, as she hobbled across the Cape Town waterfront on crutches. It was the kind of sports injury found on pitches across the world every weekend. Serious but routine.

However, there was no stretcher and hospital bed for Carol. Fellow crew members carried her below for an initial examination. Since the temperature on deck was only just above freezing, with about

another minus ten degrees of wind chill, the patient was wearing three layers of foul-weather gear plus thermal long johns.

Carol's knee was strapped and she was given strong pain-killers before being lifted into her bunk. Every time *Heath Insured* slid down the face of a gigantic wave, gravity tried to "torpedo" the patient down the bunk and crunch the injured leg. The only answer was to tie Carol into the bunk. Meanwhile, the weather was deteriorating. The wind had reached Storm Force 11, equal to the 80mph speeds that changed the British landscape in the 1987 hurricane.

"Lying in that bunk was the most frightened I've ever been," said Carol. Her job before leaving Britain on the Challenge was editing the *Harrowood Mail*, a weekly newspaper in Leicestershire. Until four years ago she had never been on any sort of yacht.

"Down below all you hear is the shrieking wind and the blocks crashing down on the decks. I felt a real failure, desperately isolated and very sad." Conditions were about as miserable as they could be for someone unable to move without help.

When Carol needed to visit the heads (shipspeak for toilet) a colleague had to carry her piggyback down the central companionway over mounds of wet sails, as the yacht pitched around like the scariest ride at a Florida theme park.

Stuart Smith-Warren, who works at a south Wales steel plant in "real" life, sails in the Bristol Channel for a hobby and is mate aboard *Heath Insured*. "The conditions in that storm were unbelievable," says Smith-Warren. "The only time you could see anything was on the crest of a wave and then it was just mountain peaks, capped

with white, in every direction. "When we went down into a trough and climbed the next wave face we sometimes had green water as high as the first spreaders, 25ft up the mast." A man who has poured molten steel for a living over the past 30 years is not disposed to exaggeration.

It sounds like a test of survival but the British Steel challenge is first and foremost a race. On the day of Carol's accident *Heath Insured* had 2,274 miles remaining to Cape Town (the end of the third leg) and seven competing yachts within 65 miles of her.

"Once you can't help push the boat, gain those extra miles, you begin to feel excluded and useless," added Carol, who says she signed up for the Challenge to confront her own fears and learn how to cope with them.

The sheer hell of the adventure. It could have been Everest or diving. Sailing wasn't an essential part of it for me. I suppose it's a bit like National Service used to be," she said.

Chay Blyth, the racing yachtsman who devised and runs the British Steel challenge, is of course an ex-paratrooper. However, the extraordinary thing is that he has been overwhelmed with "squad" eager to pay £15,000 for a season of physical hardship and adrenaline.

"In the middle of all that Southern Ocean stuff, I knew why I had paid my £15,000 to Chay to come on this race," said Arthur Haynes, a *Heath* crew-member formerly in the computer business. "It was so rough, it was so cold, we were so far from every other human being. It was a turning point for me."

Cape Town will prove a turning



Injured knee: Carol Randall

thought Pete Goss, skipper of *Hofbrau Lager* and a former marine who had the job of training crew volunteers before they joined their specific yachts. "This will be an achievement, they'll file it away and go on to the next deal."

"It won't be easy for people who have to go back to a fairly mundane job and the Tube to work every day, to back it."

Aboard another yacht *Nuclear Electric*, it is hard to find a single individual, contentedly planning a resumption of normal life. One is planning to live in Nepal, another to go yacht delivering.

Mike Golding, skipper of *Group 1* and a Berkshire fire officer by profession, is possessed by the desire to win this extraordinary race - he gives the crew Pocket Thoughts, such as "Sleep for Victory". Yet he will go back to his fire station. "Ultimately you have to earn your daily bread," he says plegmatically.

Chay Blyth is matter-of-fact about the genie he has let out of the bottle. "Most of them will go back to the office," he said. "They're professional about what they do. They're not adventurers and drifters. So they'll go back - with a kitbag full of memories."

T O NICK BRITTAN, former British saloon car racing champion-turned-motor sport impresario, 25th anniversary re-run of the 1968 London to Sydney car marathon seemed a good idea as he relaxed in an armchair in the balmy days of August 1990.

Four months later, escaping Kabul on a Russian aircraft popping heat-seeker decoys every ten seconds to fool the Mujahedin's SAM missiles, he was starting to wonder. This, after all, was just the preliminary route survey. Afghanistan, part of the original route, was "off".

Nevertheless, over Christmas that year Brittan made his decision. The marathon, he announced to the world's media on January 16, 1991, was on. And so, Saddam Hussein made clear just a few hours later, was the Gulf war.

Next Saturday the marathon finally starts from London's Chelsea Harbour after long periods of uncertainty. For months, route surveying teams plotted the marathon's course - through Yugoslavia, Azerbaijan, across the Caspian by ferry, then on, loosely following the ancient silk road, to Bokhara, Samarkand and Tashkent. And, one by one, the areas exploded into conflict. The rally competitors' intended hotel in Sarajevo, Brittan notes in a March 1992 diary entry, "no longer exists".

By the turn of this year, he recalls: "I was having nightmares that all 15 countries on the route were in the process of declaring war on the country next door. I would wake relieved to discover that this was only half true."

The current geo-political realities will thus be uncomfortable to the fore of competitors' minds when, at 8am next Saturday, the official starter lets slip the dogged by war.

From Chelsea Harbour the 106 crews, in period cars ranging from American Ford Mustangs through Porsche 911s to Lotus Cortinas and Austin 1800 "Landcrabs", will make their way through Belgium, Germany, Austria, Slovakia, Hungary, Bulgaria, Turkey, India and Australia. These are not the 15 countries originally on the route. To most crews' chagrin, they are not even the 12 countries still on the route little more than a month ago. But then even Brittan had not expected to have author Salman Rushdie among his last-minute logistical problems.

Last year Brittan persuaded Iran to open its borders to a motor sport event for the first time in 20 years. Brittan acknowledges his heart sank when the death fatwa on Rushdie was renewed in February. Since then, relations with the UK have plunged into the deep freeze. Brittan was detained for 24 hours inside Iran while on a final survey of the Iran/Russia leg, and felt he had no option but to reroute the rally yet again.

It is far removed from the original marathon of 1968, when competitors' main concerns were with avoiding breakdowns and suicidal kangaroos rather than diplomatic incidents. However, it is the new world order that has almost certainly allowed the rally to take place at all. A commercial deal



Which way is Australia? Neville Marriner and John Griffiths plot their course through a changing world

Motor racing/John Griffiths

The cars are the same, the countries have changed

unthinkable just five years ago means the entire rally is to be air-lifted past the trouble spots by two giant Russian Antonov freighters which dwarf even US Air Force's mighty Galaxies. Two Antonovs have been converted by their privatising owning company to twin cargo decks. Each aircraft is can swallow 60 rally vehicles. The Antonovs will lift the rally from Turkey to Delhi.

After a five-day blast around the Indian subcontinent, taking in the Nullarbor Plain and other remote areas of the Outback where the rally's winners and losers will be finally decided.

The structure of the 1993 rally is inevitably regarded with mixed feel-

ings by the 25 competing crews who also took part in the original event. Foremost among them are Andrew Cowan and Colin Malkin, who as outright winners in 1968 will be first away from the Chelsea Harbour start line in the very same Hillman Hunter they took to victory.

Is it, then, just a nostalgic event - a "fun run" for those wishing to test again the high-speed prowess of their youth? Brittan, as organiser, says it is not. He has designed the rally to be hard and competitive, with the sole concession that it will halt each night rather than hash on for days on end as in 1968. By the time survivors reach Sydney on May 18, after 30 days and 11,500 miles of driving, they will have raced through 46 "special stages", each timed to the second and ranging in length from 10 to 168 km.

The age, gender and motivations of the crews vary widely. Many of the 46 Australian crews are hard-charging youngsters. Cowan and Roger Clark, another veteran in his 50s and perhaps Britain's best known rally driver, will almost certainly remain faster than all of them. At the other extreme is 66-year-old Pamela Morgan from Southampton. Entered in a Morgan two-seater sports car. She describes herself as "a tough old bird. I had too many kids in 1968. Now I have the freedom I'm off on this great adventure".

That, allowing a decade or two, is roughly the spirit in which I am

Even the Automobile Association is coming along. Four patrolmen, in specially-equipped back-up vehicles, will provide the rescue service for casualties. They are the winners of a contest in which no fewer than 3,000 AA employees took part...

It's a welcome departure from the rarified high-tech world of modern world championship rallying," says Brian Carte, chief executive of main event sponsor Lombard North Central, the NatWest-owned finance house which backed the UK's RAC world championship rally for 19 years. Parts trucks and helicopters and many of the other standard apparatus of modern world championship rallying are banned.

Even the Automobile Association is coming along. Four patrolmen, in specially-equipped back-up vehicles, will provide the rescue service for casualties. They are the winners of a contest in which no fewer than 3,000 AA employees took part...

ees, with each sponsored mile clocked up adding to the coffers of the Save the Children Fund. And it is the spirit in which so many other sponsors are taking part.

"It's a welcome departure from the rarified high-tech world of modern world championship rallying," says Brian Carte, chief executive of main event sponsor Lombard North Central, the NatWest-owned finance house which backed the UK's RAC world championship rally for 19 years. Parts trucks and helicopters and many of the other standard apparatus of modern world championship rallying are banned.

Even the Automobile Association is coming along. Four patrolmen, in specially-equipped back-up vehicles, will provide the rescue service for casualties. They are the winners of a contest in which no fewer than 3,000 AA employees took part...

Golf/John Hopkins

Seven strokes of a master

IT IS A truism that a golf tournament never begins until the last nine holes on Sunday afternoon, when the nerves begin to jangle and the palms to sweat and the stern but obvious taskmaster called pressure begins to exert its influence. It is even more true at Augusta National golf club, the site of the US Masters, where the difficulties of each hole are magnified by the weight of the history that has taken place there.

The tenth at Augusta, was that not where Ben Crenshaw sank a 60ft putt in 1984? And the 11th, 12th and 13th holes; are they known as Amen Corner because they have ended so many contender's chances? Did Ed Sneed not once stand on the 16th tee, his 69th hole, with a three-stroke lead and think to himself: "it is impossible not to win," which he then did not.

The inward nine holes at Augusta bear names such as Camellia (tenth) White Dogwood (11th), Firethorn (15th). They are anything but serene and pastoral. To play them is an exercise in damage limitation and the man who wins the green jacket tomorrow will have had his nerve examined on every one of the 35 or so strokes it will take him to cover its two miles.

Here are seven key shots on these holes that must be mastered before a man can become a Master.

■ The second shot at the par four tenth. At 485 yards it is the longest par four on the course. The hole falls by 100ft from tee to green. The tee shot should bound down the hill and roll to the left from where a mid iron is sufficient. If it does not, then the second shot is played from high on the right side of the fairway from a downhill lie to a green that slopes away. It is far more difficult. Tradition says the second shot must find the green. Nick Faldo missed the green in the play-offs in 1989 and 1990, both times ending in the bunker to the right of the green and still won.

■ The second shot at the 455-yard 11th. Ben Hogan once said: "any time you see me on this green in two you will know I missed my second shot." He felt it was safer to hit to the right of the green, which is protected by water, and then chip and one-putt. Larry Mize would agree. He chipped in from 50 yards in the play-off against Greg Norman in 1987 and became champion. Faldo says the only way is to attack the green. "You have to forget about the water, trust your swing and hit your shot." This is what Ray Floyd did not do in 1990 against Faldo. He missed an eight iron and the ball plunged into the water.

■ Tee shot at the 155-yard 12th. Tom Weiskopf took five attempts to reach the shallow, tilted green and recorded a 13 on the hole Jack Nick-

laus calls "the hardest in championship golf." On the other hand, Fred Couples had a stroke of luck here last year. His tee shot rolled back down the bank and stopped on a collar of rough 1ft from the water. He got his par and two hours later won his green jacket.

■ Tee shot at the 465-yard 13th. One of the most strategic holes in golf, (and one of the shortest par fives in championship golf) requires a drive to be shaped from right to left to get it around the corner of the doglegged hole. Over the shaping and the ball will run into a creek or clatter among trees.

■ Second shot at the same hole. This shot must clear Rae's Creek which crosses the fairway and skirts the right side of the green. Curtis Strange got it spectacularly wrong in 1985. He hit a four wood that landed in Rae's Creek when he was leading by three strokes.

■ Second shot to the 15th (Fire Thorn). Likely to be anything from 175 to 230 yards in length, it must carry a pond. Gene Sarazen hit his second shot in to the hole using a four-wood in 1935. Last year Couples needed only a seven-iron for his second shot in the fourth round.

■ Tee shot to the 170-yard 16th. Almost all over water to a wickedly sloping green. It is essential to hit the putting surface, preferably hit it as close as Nicklaus did in 1936 when he nearly holed in one. In 1989 Ballesteros could have won. His tee shot here flew at the flag but fell 1ft short of the green and rolled back into the water.

Succeed with all these strokes and you have a chance of winning the US Masters. But it is not over yet. One crucial stroke remains. ■ The tee shot at the 18th. "You look down this narrow chute, trees on both sides and not a sound in the air and I can tell you it's a terrifying sight" said Sandy Lyle. You must hit the fairway which runs uphill and curves to the right otherwise there is little chance of reaching the green, even though at just over 400 yards (all uphill) the hole is quite short. Lyle hit his tee shot into the first of two bunkers on the left of the fairway and then played a miraculous seven iron to 10ft past the hole and sank the putt for a birdie to win in 1988. But every one else loses one stroke - at least Jose Maria Olazabal did so from the Lyle bunker in 1991 and Tom Watson, who had driven in to the trees on the right, lost two. That year Ian Woosnam kept his ball in play from the tee and won the title.

Play these strokes successfully and you might win the US Masters. If you fail to do so and you have no chance. You do not have to believe me. Just watch it all unfold on television tomorrow evening.

Motoring/Stuart Marshall

When all the choices are good

THE conversation goes something like this. Him: "What have you been driving recently?"

Me: "The new Rover 600, several Mitsubishi Galants and some Peugeot 306s."

Him: "What were they like?" Me: "Very good cars indeed. Quiet, quick, refined and enjoyable to drive."

Him: "But that's what you said about the Ford Mondeo, Vauxhall Corsa and Citroën Xantia you drove a few weeks earlier."

Me: "That's right. They were all very good cars, too."

The time has come to face the truth. The really bad new car no longer exists. On second thoughts, let me qualify that. The really bad car no longer exists. For all I know, some really dreadful machines may still be made in the Soviet Union, or the Indian sub-continent, or the vast republic of China. I do not know because I have not tried them. But it is a racing certainty that any new

car you buy will offer safe, reliable and comfortable transport.

If these three qualities are your only criteria, you have absolutely no need to spend more than, say, £18,000 on a motor car. Half that will still buy you more than adequate standards of safety, reliability and comfort.

You can have power steering on a £9,000 car; even automatic transmission, too, if you settle for a Malaysian Proton. And £18,000, at the most, will buy a car that has everything needed to make a demanding motorist content. Only if you feel compelled to drive a large and/or prestigious car do you need to spend more.

Of course, objectivity is the last thing to govern many car purchases or choices of company car. Look at all those

high-slung, knobblly-tyred 4x4s that spend their lives on urban and suburban tarmac. And the turbo-charged sports coupes driven sedately from place to place and the golf club.

At the moment, though, I will deal with new cars at below this level because I have driven quite a few of them recently. I have praised Ford's Mondeo, the Citroën Xantia and Vauxhall's (Opel) Corsa already. They are not flawless. The Mondeo lacks rear seat space and you feel road humps more as you go up-range and the tyres get fatter. To my taste, the two-litre was undergeared.

The least-powerful version of the elegant and beautifully-suspended Xantia also was geared low enough to be a bit buzzy at 80 mph (128 kmh) on

an autoroute. And the fastest Corsa, the 16-valve 1.6i, was a great drive on smooth roads but I felt every single cobblestone on Spanish pavements. None of these flaws is serious, and none affects the general

'The really bad west European or Far Eastern car no longer exists'

excellence of the cars concerned.

Much the same can be said of three other new models I sampled last month: the Rover 600, Mitsubishi Galant and Peugeot 306. There are nine Rover 600s, ranging from a two-litre 620i at £19,995 to a

2.3-litre 626GSI at £21,995. It is no secret that, mechanically, they differ hardly at all from the new Honda Accord built at Swindon, Wiltshire. This has been exported for several months and goes on sale in Britain soon after the Rovers reach the showrooms on April 20.

Rover has made many cosmetic changes to the front and back ends. The interior is in the tradition of a 1960s Rover when the marque was the natural choice of country solicitors and bank managers. The name, one feels, is still among Rover's greatest assets.

My favourite was the 626 GSI automatic. At 90 mph (145 kmh), and 4,000 rpm, the Honda engine - also made in Britain - could barely be heard over the soft rush of wind. The transmission was ultra-smooth;

it even kicked down without a jerk into low at 35 mph (56 kmh).

Build quality of all the 600s I tried was first class. The seats are body-bugging and neither too firm nor too yielding. Although the suspension allows quite a lot of vertical wheel movement to take the sting out of rough roads, the ride is well damped and the Rovers hardly roll on corners.

Rover is pitching the 600s against the BMW 3-Series. Clearly, the Honda Accord will be a rival if company fleet managers can be convinced a Honda really is British. So will the poshest two-litre Mondeo Ghias and the latest Vauxhall Cavalier (Opel Vectra on mainland Europe).

There are 21 variants of the Mitsubishi Galant, which is priced from £12,750 to £20,259

and looks unnervingly like the Renault Safrane. The entry model is an 1800 saloon. The flagship is a five-door hatchback (Mitsubishi calls it a coupé) with a 2.5-litre, multi-valve V6, four-wheel drive, four-wheel steering and a five-light, five-speed gearbox.

The 2.5-litre 4WD, 4WS performed brilliantly on near-deserted roads in the region around Arceachon in France, showing unbreakable grip when accelerating and cornering. Again my favourite was a front-wheel driven V6, two-litre automatic with a degree of passive rear-wheel steer.

The transmission, available on all Galants except the 4WD, 4WS coupé, has electronic control with "fuzzy logic." Don't ask me how it works. What it does is sense a driver's mood and contrive to be in the right ratio all the time.

Last, but not least, the Peugeot 306. Coventry-built alongside the larger Peugeot 405. Although it uses the same mechanicals as the Citroën ZX, it feels different. For ride quality and general refinement, the

306 is even better than the ZX, probably because it is a little heavier and reflects another two years of development.

Peugeot sees as its closest rival the Vauxhall (Opel) Astra, although the 306 lacks the Astra's optional driver-side airbag. It is a little bigger overall, and considerably roomier than the 205 and replaces the 308, which was a stretched version of the 205.

MOTORS

'E' TYPE JAGUAR 1971.

R.H.D., V12 Coupe 2 + 2
RED 65,000 miles Very good condition. Any Test. £24,000

Phone 021 233 2871 Day
0675 443147 Evenings

SAAB IN WARRICKSHIRE The full range of new Saabs and probably the largest selection of superior used Saabs in the Midlands. Line Derigues Ltd. Royal Leamington Spa Tel: 0859 622221

BOOKS

The black hill and beyond

Anthony Curtis reviews the work of a Welsh poet who found inspiration both inside and outside his native country

HENRY VAUGHAN, David Jones, Vernon Watkins, Dylan Thomas, R S Thomas - there is a continuing tradition of Welsh poets who write in English, and English poetry would be much impoverished without them. Sometimes their work has its origin in native Welsh experience, like Watkins's *Ballad of the Mari Lwyd*; at others it stems from the poet's sense of being a part of a European tradition with roots in classical Greece and Rome, as may be seen in the many fine translations that Watkins made into English verse from Homer, Dante, Ronsard, Baudelaire, Goethe, Rilke.

There is a similar double-vision in the work of R S Thomas, who celebrated his 80th birthday on March 29 with a massive volume containing his poetic output over the best part of half a century. In many of the poems Thomas appears as the poet of rural Wales, portraying individually named farm-workers, their

By contrast Rev Thomas watches his parishioner Evans, "On his way to the fields, where he hoes/ up one row of mangolds and down/ The next one" and just in case we should be so foolish as to think that the poet is glorifying Evans as some kind of latter-day Wordsworthian solitary, he adds: "You needn't wonder/ What goes on in his mind, there is nothing/ Going on there."

To find Thomas's sense of a connection between his two careers, the Church and literature, one needs to consult the introduction he made in 1987 to his selection from the poetry of George Herbert. He speaks there of "The possibility of a fruitful relationship between Christianity and poetry. The bridge between the two latter is the incarnation. If poetry is concerned with the concrete and the particular, then Christianity aims at their redemption and consecration. The poet invents the metaphor, and the Christian lives it."

These complementary approaches to human suffering act together in his own work and underlie a dialogue that runs right through it. Thomas finds it difficult, if not impossible, to reconcile himself to the miserable and often futile lives of the ordinary men and women in his pastoral care. "The great problems," he writes in one characteristically short laconic poem, "Remain, stubborn, unsolved."

One of the saddest tasks a priest has to perform is to be present at the deathbed of one of his flock whom he has known and loved. Father Gerard Manley Hopkins watched the farrier Felix Randall "pining, pining" until, wasted with disease, he died. But then, miraculously, that poem did end on a redemptive note, as Hopkins remembered Felix as he was formerly, full of health and strength, and making for "the great grey drayhorse his bright and battering sandal!"

In Thomas's poem "The Mill" he describes how he would pay regular visits to a miller confined to his bed for nine years before he died. The poem ends with no spark of redemption: "The great frame rotted/ While the past's slow stream/ Flowing through his head/ Kept the rusty mill/ Of the mind turning - / It was I it ground."

wives and children, the inhabitants of his parish, seen against a sharply etched background. One figure constantly recurs - Iago Prytherch, the labourer, a Welsh Piers Plowman, whose harsh life Thomas never tires of describing.

Yet there are also many poems in the R S Thomas canon that transport the reader far from Welsh concerns. Kierkegaard and Wallace Stevens are two non-Welshmen who ignite Thomas's muse; so do many French painters. One of his recent books, *Improving Thoughts* (1985) was entirely devoted to poems based on modern art, starting with Picasso and Matisse, concluding with Magritte, Max Ernst and Roland Penrose. Whether he is writing about a Welsh milkmaid or Matisse's "Portrait of a Girl in a Yellow Dress", Thomas's approach remains the same. He stands back from the object of his contemplation, recreating its appearance in carefully structured words, and letting it serve, by the close, as a general reflection on the human condition. The language is austere, the rhymes sparse, the mood often bitter.

For much of his life Thomas wrote his poetry while serving as a minister of the Church, in 1936 at Chirk on the Welsh border, and then among the hill farmers of Montgomeryshire; but the reader who expects a God-centred lyricism, hymning the Welsh countryside, will be disappointed. It was that other Thomas - Dylan - who composed odes in praise of innocence and sunshine at harvest-time, who sang of "the round Zion of the waterbead and the synagogue of the ear of corn", not this one.

IT IS A conspicuous phenomenon. The histories of Ireland, Scotland, Ulster and Wales have all now been vigorously established. But writing the history of England is no longer *à la mode*. No better index of this is the news that the *Pelican History of England*, staunch vaude-mecum of the sixth-form swot, is to be replaced by a *Pelican History of Britain* and, what is more, that it is to be written largely by transatlantic authorities.

To anyone who has ever been in the "Celtic fringe" long enough to know that it is not a fringe but its own domain of self-defined activity, this comes as no surprise. The English have got their come-uppance. For years, the English have bullishly regarded British history as English history. Never mind 1066 and All That: what do the English know of 1536, 1707 and 1800?

These are dates which still rankle with the Welsh, the Scots and the Irish, for they mark the extinction of English sovereignty throughout the British Isles; but up until recently, very little English historical attention has been focused on these Acts of Union, and the residual fragility of that nationhood which we call "British". The Maastrecht debate has been useful in this respect: it has shown just how few of our parliamentarians (especially the "patriotic" among them) have any understanding of how weak and cosmetic are the bonds which hold "Britain" together.

Against this background, John Davies' *History of Wales* makes a timely appearance. The value of the book is attested by its own history. Commissioned by Penguin to come out in

A totem of the Celtic fringe

Wales, it materialised so large that a paperback was impossible, but Allen Lane issued *Hanes Cymru* in 1990 never the less.

The Welsh original had an almost totemic force, whatever its contents: I well remember with what pride it was displayed in the dingy windows of sub Post Offices in minor mid-Welsh market

A HISTORY OF WALES
by John Davies
Allen Lane £30, 718 pages

towns. And now Davies has turned his Welsh text into English, bringing it to the wider readership it much deserves.

There is always a danger that these nationalistic histories will be quaint. And indeed, some aspects of Welsh nationalism are quaint: anti-English sentiment is always framed in Welsh as anti-Saxon, and assumes a purity of English culture that really no longer exists (in many "English" towns Punjabi must be almost as much used as English). It may be that English nationalistic history is no longer possible precisely because England is now much more of a multi-cultural society than



More black marks for the human race

Wales, Scotland or Ireland. Although Davies is palpably passionate about Wales as a nation, and a nation with a future as well as a past, he manages to keep his narrative free of whimsy. His agenda is straightforward: he has to show how "Wales" and "the Welsh" have survived as significant terms despite the fact that since 1536 (if not earlier, effectively) the country and its people have been treated as a part - or worse, an appendage - of England.

The survival is remarkable. So many factors could be hypothetically invoked as reasons for the eclipse of Wales. The lack of its own political institutions; the lack (still felt) of a decent infrastructure; the lack, until 1965, of a capital city; the difficult terrain; and so on. Yet the eclipse never happened. The defiance of Wales is not overtly explained here, but we can see for ourselves how it was nourished.

Davies engages with all types of history - economic, social, religious, even archaeology - but wherever he is he has an eye for the prime medium of communication. From the bards who delighted the warlords of the 14th century to the prodigious pamphleteering of evangelist dissenters in the eighteenth, and Radio Cymru in

the 20th, the Welsh have communicated to each other in their own language.

And it is no exaggeration to say that the language has preserved the nationality of Wales. There may never have been a Wordsworth of the Valleys, but lyrical ballads circulate in Wales as they no longer do elsewhere. (To see a child of six stand before an audience of thousands, take a single note from a harp, and then deliver a song in perfect pitch, is extraordinary to outsiders attending an esteddfod, but natural to this country.) It is clear that the centre of gravity for Wales resides, as it always has done, in the language; and it was Matthew Arnold's big mistake, when he was Inspector of Schools, to suppose that you could keep "Welsh culture" without its own linguistic base.

A cultural centre of gravity does not, of course, imply absolute cohesion. There are two distinct facets to Welsh history: one is the Celtic, the other (to borrow an Arnoldism) the Hebraic - by which I mean the tea-urn culture of Disraeli and Nonconformity. Bingeing versus temperance, poets versus preachers, warriors versus pacifists: following the interaction of the Celtic and Hebraic throughout this book is perhaps the most satisfying part of it. But whether it is for hell-fire or lechery, the language has been one and the same: which is why it is entirely right, and an act of enlightenment from Penguin that *A History of Wales* comes after, not before, *Hanes Cymru*.

Nigel Spivey

Did Heisenberg stop the bomb?

Brian Wenham on Germany's 'reluctant genius'

SOME MEN haunt their wars. Werner Heisenberg, leading physicist of Hitler's Third Reich, did not. Heisenberg, lauded in 1933 with the Nobel Prize for his Uncertainty Principle, has a war record about which very little seems certain. Thorns Powers, in telling *The Secret History of the German Bomb*, struggles to pin down just what Heisenberg was up to. In particular, how consciously did he operate a one-man go-slow, and if so, why?

Powers' 500-page narrative necessarily concentrates as much on the atom bomb that was made - the Allied bomb - as on the one that was not. The central fascination of the tale lies in the bluff-counter-bluff resorted to by both sides as each sought to probe the other's motives and progress. Can any sliver of information be taken at face value?

Early on a report reaches the West that Heisenberg "tries to delay the work as much as possible." True, or bluff? The Americans were unconvinced, but their own counter-probes could not be pressed with too great an intensity, lest the Germans twig that the American effort was off and running.

In fact, as Powers confirms, the Germans, prompted by Heisenberg, concluded in mid-1942 that attempting to build a bomb within the likely time-frame of the war would be at best difficult, at worst crip-

pling. Nor were they sure that they could get the "critical mass" down to manageable size. They opted instead for a modest programme of reactor development.

The Americans and their allies continued to think that the Germans retained an option, as it were up their sleeve, until captured documents proved the contrary in the winter of 1944-45. Meanwhile, plans to capture or assassinate Heisenberg were

HEISENBERG'S WAR: THE SECRET HISTORY OF THE GERMAN BOMB
by Thorns Powers
Jonathan Cape £20, 608 pages

kept warm. If there were a German bomb, then Heisenberg's work would be the underpinning of it.

By the time of the Hiroshima atom bomb explosion, Heisenberg and nine key colleagues were safely captured and tucked away at Farm Hall, Cambridge, chattering into hidden microphones. Powers believes that recently released sections of the Farm Hall tapes confirm Heisenberg to have been an active procrastinator. Heisenberg shares in the initial shock of Hiroshima, but within a matter of days is lecturing his colleagues accurately on the physics that lay behind the

Allied success, and how the "critical mass" had been scaled down from the one ton the Germans initially thought necessary to the few kilograms that made the Allied bomb deliverable. Surely, Powers claims, the brilliant Heisenberg must have known all along, but stayed quiet.

Yet in the post-war scramble by physicists on both sides for moral high ground, Heisenberg never claimed the credit Powers thinks due to him. In his most settled explanation, in a 1964 letter to Hans Bethe, Heisenberg strikes a deftly equivocal note: "The German physicists did not want to build atomic bombs and were glad that they were spared the decision about producing atomic bombs by external circumstances. In this, what you called 'social conscience' played a considerable role, although there were other motives, not least the pure self-preservation instinct."

Here, surely, lies the essential difference in the psychological drives of each side. Physicists working to the Allied tune could assume that failure would not bring direct retribution. German physicists would hesitate before promising Hitler a bomb and then being unable to deliver. A "pure self-preservation instinct" would lead you into not taking the risk.

The quieter life was the best guarantor of the longer one.

Allenby: the rise of a classy warrior

Justin Wintle considers the hero of Megiddo

VISCOUNT ALLENBY, the victor of Megiddo and pacifier of Egypt, is a hard target for the biographer to get in range. Nicknamed "the Bull", he successfully projected different personae. He was by turns a "pattern" general, product of the Arnoldian public school system and Sandhurst, and the closest thing to George Patton among Britain's First World War generals. Sometimes he commanded by numbers, sometimes he exhibited sustained bursts of military genius.

He only joined the army because he failed the Indian Civil Service entrance. He also failed the Staff College exam on the first sitting. Nevertheless T.E. Lawrence, who knew him as well as any man, could write: "Allenby was so great that the comprehension of our littleness came slow to him." If Allenby was great, then he was a late developer.

The key to the character may well be the same as the key to the life: Allenby took a while to find his own range, but once he had done so, he was magnificent. His appetite for traditional soldiering - sweeping movements of well-disciplined, well-equipped and well-provisioned armies in the service of a cause - was singularly at odds with conditions on the Western Front, but came into its own in Palestine, on the periphery of the war. Yet the huge, polyglot triumph of Megiddo (under his command he had ANZAC, Indian, French, Armenian and Nigerian as well as British battalions) was not his finest hour: that came four years later, in 1922, when as High Commissioner in Egypt he took on Lord George and the Cabinet. The government wanted the Wafd nationalist revolt crushed and British rule reimposed, if necessary by maximum force. Allenby saw that a reasonable accommodation of Egypt's nationalist aspirations was the only course likely to secure control of the Suez Canal. In a Downing Street

showdown he got his way. Allenby had proved himself not only a capable administrator but an astute politician to boot. He had spotted the great contradiction in British Middle East policy. On the one hand, if only to keep the French out, London had been prepared to grant Syrian Arabs independence; on the other, it sought to keep Egypt and the Sudan within the colonial fold.

IMPERIAL WARRIOR: THE LIFE AND TIMES OF FIELD MARSHAL VISCOUNT ALLENBY 1861-1936
by Lawrence James
Weidenfeld & Nicolson £20, 279 pages

Britain could not have it both ways. The alternative would have been to argue in favour of France's share of the post-Ottoman prize.

Whereas previous biographies have tended to gloss over Allenby's final incarnation, Lawrence James gives it detailed attention, even at the cost of an authorial contradiction. *Imperial Warrior* concedes that its subject, sorting out the Egyptians, "was a pragmatist first and an imperialist

second". "Pragmatic Warrior" might have been the more accurate, if less salable, title. "Through the discontinuities of Allenby's career a unifying strand can be found: a canny regard for his own advancement guided by a sober attachment to duty. Allenby must have loathed serving under Haig in Flanders, but he had too much nous to bad-mouth his superior. The spectacular spleen was always reserved for subordinates; and it is indicative that the Field Marshal did not write, let alone publish, his memoirs. This sets the biographer at a disadvantage. Apart from some letters to his much-loved wife, there is little or no window on the inner man.

But Lawrence James pulls a splendid rabbit from an unpromising hat. The strength of *Imperial Warrior* is its author's grasp of the history. Quite properly, the life is the campaigns fought. James makes fine sense of the Boer War which created the disciplinarian and tempered cavalry officer, the deadlock of the Western Front, the eastern Mediterranean and Egypt itself.

Amid the flow of dispassionate judgments, there is room also for anecdote. We are reminded how, at the turn of the century, one Major-General Brabazon seriously suggested that the cavalry should be re-equipped with battle-axes, since these were "ideally suited to the Anglo-Saxon temperament". Of Allenby in Palestine we learn that he frequently drove to the front-line in a Rolls-Royce, while the RFC dropped cartons of cigarettes laced with opium on already demoralised Turkish troops. Best of all is an account of Allenby's intelligence officer in August 1914: keen to discover the pace of the German advance, Colonel George Barrow telephoned every station in Belgium from Mons. "A reply in French or Flemish indicated they were still in Belgian hands. Silence or a German voice meant that they had been taken."

Allenby: a model general

IMAGINE, says Theodor Roszak, a motion picture of planet Earth filmed from space over the last million years. In the closing minutes, after long periods of slow change, we see the emergence of human beings and the marks they have made on the planet: canals, cities, roads.

More black marks for the human race

forming around them like wetting flesh... Rivulets of oily waste and noxious fluids issue from these fuming lakes, draining into nearby lakes and streams.

This graphic tale is the history of industrialisation as viewed from the heavens. It dramatises the approaching crisis; a pox of pollutants is sating the planet away, spewing out more garbage than the planet can handle. The process, Roszak grimly warns, "may be nearing its terminal stage". What has brought us to this

pass is a kind of madness - "ecomania", so to say - which has resulted from a psychological divorce between people and the planet.

Viewed rightly, people and planet form a continuum; planetary and personal needs and well-being are inextricably linked. The link, Roszak argues, is deep. Human beings have an "ecological unconscious" and in order to save both mankind and Earth a new form of psychological therapy is needed, to heal the rift between people and planet

THE VOICE OF THE EARTH
by Theodor Roszak
Bantam Press £17.99, 368 pages

which is leading to today's destructive insanity. This healing is to be effected by reawakening our inherent sense of the mutual dependence between us and our natural environment, thus prompting our sense of ethical responsibility for it.

The new form of therapy is "ecopsychology", and Roszak's book culminates in a description of its principles. Its aim is to recover mankind's oneness with nature. The materials for this remarriage are to be found, Roszak tells us, in ecology, "ecofeminism", animism, the Gaia hypothesis, the Anthropocene Principle, and more.

On the back cover US vice president Al Gore waxes enthusiastic over this New Ageism, describing it as "powerful, compelling, extraordinary". It is extraordinary, all right; for its sheer catholicity. The only thing missing is the

kitchen sink. The message of this book is a simple and unimpeachable one which we have heard many times but which we need to hear constantly. It is that we will destroy the human race, and other species besides, if we do not stop polluting the planet.

But Roszak enfold this manifesto in 600 pages of lost opportunity. There is much new thinking at present about the natural environment and mankind's relationship to it. Some of it is valuable, some of it nonsense. Roszak does not

discriminate between the two. He invokes anything that will achieve a rhetorical effect, which means that he undermines his argument by making it depend on too many doubtful and suppositious notions, for example "mystical-religious-feminist environmentalism", which are more likely to disaffect than persuade readers.

The main fault in Roszak's argument is his claim that mankind is killing the planet. This is untrue. Ecological anxiety over the environment is, in truth, a more parochial matter:

it is anxiety over our threat to ourselves and some of the world's current flora and fauna. Yes, there is a serious danger to humankind, but the planet itself will survive, and within thousands or millions of years it will regenerate itself, just as it did in the past after collisions with meteors, climate changes, ice ages, and other catastrophes.

What Roszak should have explained is why we ought to guard against their own extinction: why a distinctively human presence, with human values, should survive on the planet. But this thought seems not to have occurred to him.

A C Grayling

Soothing luxury of the 'real' Bali

THERE is a type of travel writer who is always rushing about, harum-scarum. In search of "reality" - the "real" France, the "real" Mexico, the "real" Indonesian island.

As a rule, they distrust and dislike anything remotely modern. So they consult their guidebooks feverishly, leap into their Budget hire-cars and roar off in search of something old or rustic or quaint. Something tucked away. Preferably hard to get to. Understandably forgotten. This they call "reality."

Occasionally, of course, they do find something interesting. But often - have you noticed? - the sum of their intrepidity is a visit to a temple, or a ruin, or a wood-carving factory. Or a farm that ploughs with horses. Or a little-known museum. Or a dull person's home - "real" home, "real" people, sitting at a "real" kitchen table.

On a recent flying visit to Indonesia I was in no danger of discovering the "real" Bali - if it exists. My flight lasted 24 hours. I was severely jet-smacked. Could barely sleep or eat. By the time I had gathered my wits, my visit was over. But I enjoyed my stay at Bali's Grand Hyatt resort, one of a number of ultra-comfortable, expensively well-equipped and well-planned resort-hotels that Bali now boasts at the top end of its tourist market.

And it aet me thinking. To the harum-scarum brigade, these resort-hotels have little to do with Bali. They are not "Balinese." They are debased and impure. They are interlopers, cuckoos in the Balinese nest. They are bland and unreal - indistinguishable, in fact, from all the other up-market resort-hotels in hot and exotic places everywhere. At best, they offer a bastardized version of the "real" Bali as it exists beyond the compound gates.

But this strikes me as outright snobbery. These resorts are *real*. They were built in deadly earnest. They are part of one of the most important forces in Bali's history - 20th century tourism. And the version of Bali they offer their well-heeled customers is not just agreeable and soothing, but interesting in its own right. Or so I would maintain.

According to a booklet I picked up: "Over the centuries, Chinese theatre, Indian pagentry, Dutch pomp and Javanese court intrigue have worked their way into the indigenous fibre of the island: the resulting culture is a celebration of life through art and spectacle, ceremony and dance-offerings."

Which is all very well, but is only part of the truth, for the modern-day culture of

Bali is predominantly a celebration of - and a hustle for - the tourist dollar. As the booklet admits: "The concept of Art with a capital 'A' was introduced by Europeans... By now, every home on Earth must have at least one Balinese wood carving."

Alongside the tourist Bali, there is agriculture. So if the harum-scarum brigade wanted to write about an alternative Bali that was *genuinely* distinguishable from its tourism, they would have to interview farmers and write about - wet-rice cultivation. Which could be rather boring.

Naturally, a resort like the Bali Grand



Travels with
Michael
Thompson-Noel

Hyatt is a place for achievers. You don't just stumble there by accident. Double rooms cost from \$170 (£120) to \$250 per night. One-bedroom suites cost from \$450 to \$1,200 per night. And night. There are also two villas, at \$1,750 (two bedrooms) and \$2,000 (three bedrooms) per night. Food is expensive: American breakfast costs \$12.75, and the *table d'hôte* lunch and the *table d'hôte* dinner cost \$49.50 per day. On top of all this you will be hit by a 10 per cent service charge and a government tax of 7.5 per cent.

What do you get in return? Well, everything you would expect: six swimming pools, a third of a mile of excellent beachfront, a great many water-sports, 40 acres of landscaped gardens and lagoons, pretty waterfalls, tasteful guestrooms, good food, a fitness and health centre, whirlpools, massage centre, hair and beauty salon, predictably expensive shops, jogging courts and floodlit tennis courts, a special trail, putting and chipping green, a special club for children, a self-contained convention centre, and plenty of treks and tours beyond the compound gates.

The Bali Grand Hyatt is large - 750 rooms, organised in a cluster of four "eth-

nic" villages - but you never feel crowded, mainly because of the skill of the landscaping and the excellence of the design. The concept is said to be that of a Balinese water-palace reminiscent of the legendary palace of Tirta Gangga, in Karangasem. Works of art - paintings, sculpture, masks, furniture, pottery, textiles, even a transplanted Hindu temple from the village of Bualu - are dotted all about.

I especially liked this quote from the resort's management: "The many ponds and lagoons surrounding the hotel are kept crystal clear by a biological filtering system using fish. The right number and mixture of fish ensure that they not only decorate the lagoons but in turn eat up the algae formed during the natural photosynthesis process." All cutting-edge stuff.

The harum-scarum brigade will probably argue that I am wrong: that there is a "real" Bali beyond the resort gates that is worth looking into - "real" people living "real" lives in ways unchanged since before the end of the last Ice Age, when, says my booklet: "Bali was 'Land a End' for the Chinese mainland, a sort of prehistoric California for the 'beautiful people' of the earliest migrations from the North."

Don't you believe it. Today, all the "real" Balinese are lifeguards, cocktail waitresses, gardeners, tennis coaches, taxi-drivers, wood-carvers, hairdressers, room maids, rave-dancers, tattooed beach-boys, PR hustlers and other service-providers. The "real" Bali is what you find in the landscaped grounds of resorts like the Grand Hyatt. The stuff outside the gates is just local colour.

■ Michael Thompson-Noel was a guest of the Grand Hyatt, Bali, PO Box 53, Nusa Dua, Bali, Indonesia, tel: (62)-(361)-71188, fax: (62)-(361)-72038. Nusa Dua is 20 minutes from Denpasar airport. In addition to the room rates quoted above, there is a high-season supplement this year of \$20 per room per night during August and on December 26-31.

Internationally, there are 164 Hyatt hotels and resorts, with more under construction.

Getting to Bali can be tedious or even health-threatening: try and avoid Garuda, the Indonesia state airline, which operates tiresome magical mystery tours, stopping everywhere you have ever heard of. Check that your airline, travel agent or tour company is selling you the swiftest possible flights. You may have to shout.

Hyatt's UK reservations - London: 071-580-8197; non-London: 0345-581666. Tokyo: (03)-3288-1234. US, Canada and Caribbean: 800-233-1234.



Getting real: publicity shot for the Grand Hyatt resort, Bali. "The stuff outside the gates is just local colour."

"I was told if I went
on a Club Med holiday I'd forget my troubles.
What troubles?"



Enter any Club Med village and you're in another world.

Eureka, Utopia. Civilisation as we *don't* know it.

Where language is *pas de problème*. The inhabitants a cosmopolitan jumble of like-minded people who mix. And match. The 'Gentils Organisateurs' see to that. Who?

G.O.'s. Your hosts and hostesses who work wonders. So you can do as much or as little as you please. *S'il vous plait*.

Play? Or catch up on a few z-z-z's. Or paperbacks. Get carried away. On horseback.

Getting into the swing of it?

There's the golf course. Or anyone for tennis? Love games. Love a swim. In the pool. In the sea. Push the boat out, or a windsurfer. Go on, go overboard.

Dive. Dive. Dive.

What the appetite? Bon Appétit.

The buffet's a feast for the eyes. Tables over-weight with seafood, vegetarian food, health food and food for healthy appetites.

And plenty of wine. And why not?

Club Med lifts the spirits. If you haven't tried it, you haven't lived.



Club Med. Because life's too short.

Club Med, 106/10 Brompton Road, London SW3 1JJ. Telephone 071 581 1161.

CLUB MED HAS 110 VILLAGES IN 35 COUNTRIES ON ALL 5 CONTINENTS. THE HOLIDAYS ARE ALL INCLUSIVE INCLUDING MEALS, WINE, SPORTS, SPORTS EQUIPMENT AND ENTERTAINMENT. ONLY DRINK AT THE BAR AND CERTAIN OUTSIDE ACTIVITIES ARE EXTRA. GO ON CALL FOR THE BROCHURE TODAY ON 0615 38450 OR SEE YOUR TRAVEL AGENT.

مكتبة النور

TRAVEL

Practical Traveller/Patricia Roberts

My home from home in old Prague

STANDING in the dark, deserted stairwell at 11 Bilkova Street I felt more like a spy than the post-communist tourist I was, waiting for my Czech hostess to arrive to make the pre-arranged hand-over: the keys of her Prague apartment in exchange for a modest sum of foreign currency.

In planning my visit to Prague I capitalised on one of the fruits of the Czech Republic's new found democracy, the right of Czech citizens to rent their apartments to foreigners. Tourists now have an alternative to Prague's high-priced, often over-booked hotels, and Czechs can earn extra income, sometimes making half a month's salary in just a few days.

Prague straddles the Vltava River and is divided into 10 boroughs. Praha 1, with Prague Castle, Old Town (Staré Město) and Wenceslas Square, is where most museums and historical sites are found, and was where I wanted to stay. Consulting a map, I narrowed my choice to the charming streets of the Old Town. After talking to apartment rental agencies in France and Prague I booked a residence in the ancient Jewish quarter, close to the historic Old Town Square.

I paid the France-based agent £20 and was told that all I had to do

was show up at the Prague address, pay the £55 balance to my hostess, and the apartment was mine for four days.

I had followed instructions and found myself waiting nervously in the darkening corridor. I started to worry. Had I made a mistake? What if no one came? I stared out at the Baroque facades of neighbouring buildings and heard the bells of St Vitus ringing from Castle Hill. It was 5pm. My Czech hostess was late. I thought of the hotel intercontinental down the street, and its £135-a-night price tag.

Happily, Madame Koudelkova appeared, apologizing for her 15-minute delay as she welcomed me into her home. Using smiles and gestures to overcome our lack of a common language, she gave me a tour of my new lodgings. It was pleasantly surprised. The three-room apartment was spacious and clean, and as I imagined walls were covered with variable artwork sketched no doubt by friends, while a carved statue of a saint stood in one corner, facing a shrine of even bigger dimension: the bookcase, where Dostoevsky shared space with Goethe and Gogol.

Madame proudly pointed out both a shower and tub, with 24-hour hot water. I noticed sound-proof windows in the sleeping area, where

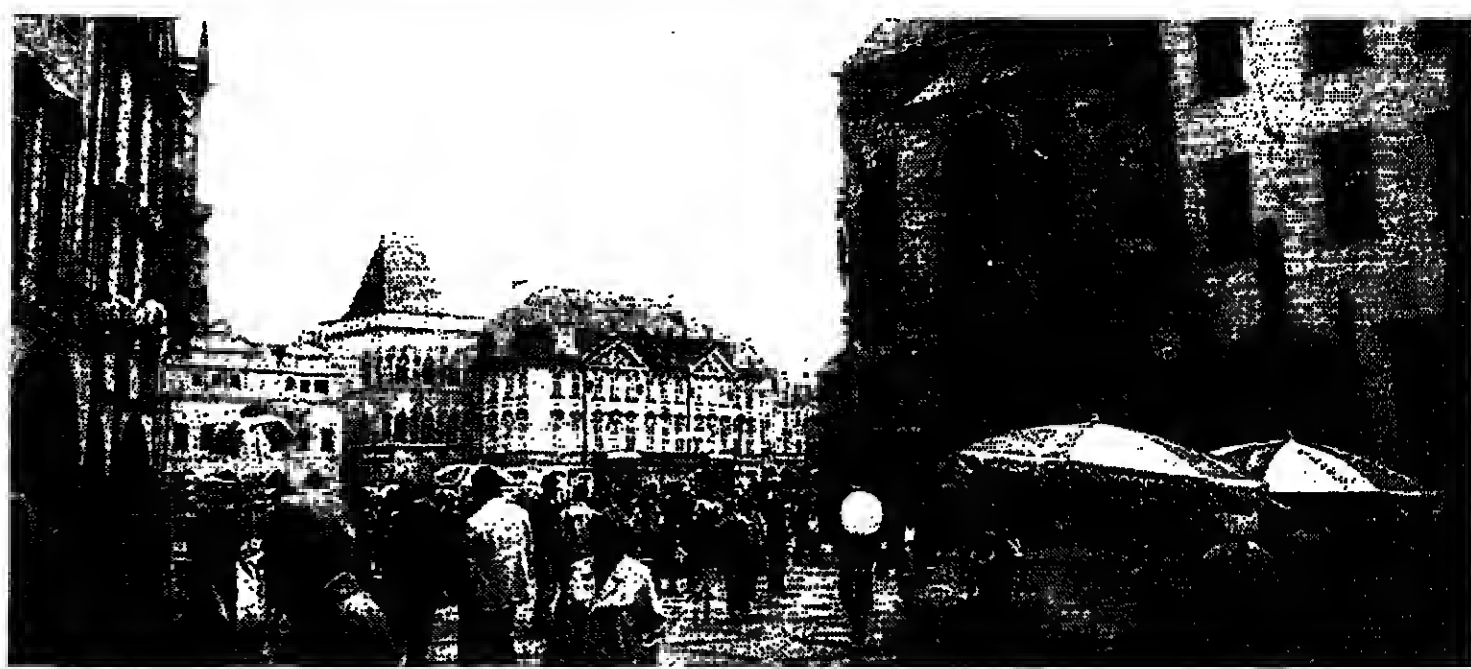
two twin beds were fitted with fluffy cotton comforters. The large kitchen was decorated with shiny red shelving stacked with international teas, evidence of guests before me.

It is important to note that kitchens in Prague may prove perplexing to the unaccustomed visitor. Ovens are small, refrigerators are frequently half-size and amenities sparse: microwaves and toasters are practically non-existent.

None of this proves a problem, unless, of course, it comes as a surprise. If planning to cook in your rented apartment, or if traveling with children, request an inventory of appliances beforehand. Some agencies, like Prague Suites, can provide coffee-makers and televisions. They will also stock groceries. It is a good idea to have at least water, bread and milk on hand upon arrival.

Telephones are rare, but this is not a big problem as calls are made from hotels and post offices 24 hours a day. However, rental agencies should provide useful addresses including local hotels, taxi stands and medical clinics which admit foreigners (such as Polyclinique, 32 Karlova namesti; tel: 299-3811).

Madame Koudelkova handed me her keys and we pantomimed our



Stop and smell the coffee: Old Town Square in Prague

goodbye before she disappeared down the stairwell. I turned then to important matters. Where exactly was I? My map showed Perizka Avenue nearby and, one street down, the former home of Franz Kafka. Three blocks away was the 13th-century Gothic Old-New Jewish Synagogue and, beyond, streets lined with antique and crystal shops that led to the open-air market on the cobbled square.

I had an agenda and it began with dinner. A year ago I would have arrived in Prague laden with survival food, but times have changed. Restaurants have opened all over the city. I found delicious Czech-style trout and a good Moravian wine at the charming U Zlate Hrusky (3 Novy Svet on Castle Hill). Dinner for under £3 can still be had

at *uvarna* (wine bars) as well as *prazdice* (ale houses), where ham and garlic sausages go well with the famous Czech beer.

U Supa (Celetna Street) has Pukmistr on tap, while U Fleku (9 Kramcova), a German-style taverna, has been serving 13° Lezak since 1499. Pilsner Urquell is the beer of choice at U Zlateho Tygra (17 Husova), a tavern packed with goateed locals (good luck getting a seat).

Czech coffee is excellent, the sweet flaky pastries divine, and my neighbourhood café lured me away from making my own breakfast each morning. Afternoon tea at the old-world Hotel Europa was serenaded by waltzing violins and the nights were filled with Baroque concerts or jazz at Club Reduta.

I felt rather guilty not spending more time at my home-away-from-home on Bilkova Street, but as I assured Madame Koudelkova in my parting thank-you note, I would surely return.

■ Finding chez vous in Prague is made easy by asking the right questions. Decide to stay in either a private apartment or bed-and-breakfast. Request a map showing your rental's location. Inquire about noise, elevators, sleeping arrangements, facilities and proximity to metros and trams.

Some of the agencies offering the largest selection of Prague rentals: Top Tour (9 Rybná, Prague 1; tel: 42-2-232-1077; fax: 42-2-232-6126) offers one-bedroom (two people) apartments at £45 nightly. No credit

cards; payment in local or hard currency upon arrival.

Prague Suites (8 Melantrichova, Prague 1; tel: 42-2-269-381; fax: 42-2-266-179) one-bedroom apartments start at £92 (includes transportation to and from the airport and 24-hour concierge and maintenance services).

In the UK, Mary and Francis Villars, a division of Time Off (Chester Close, Belgrave, London SW1X 7BQ; tel: 071-235-8825; fax: 071-259-5098) offers one-bedroom rentals for £48.

The France-based Chez Vous (47150, Lacapelle Biron, tel: 33-53-40-85-54; fax: 33-53-40-86-30) takes requests (English, French) within Europe for Prague-based agencies (including Top Tour). One-bedroom apartments: £45.

In search of the good earth

AS A holiday destination, Lemnos has not had a very good press. A large island about 30 miles off the Turkish coast, its scenery is not particularly spectacular, and it has few ancient remains. It is Garrisoned by several thousand Greek troops, and the military presence is always evident, though as compensation there is a decent road from one end of the island to another.

Its small metropolis, Myrina, is a bustling town crowned by the ruins of a massive medieval castle; its long, sandy beaches are far better than most, and its countryside is well farmed and looks prosperous.

Lemnos is not as well-known as the smaller and more obviously pretty Greek islands. Yet until a century ago it was among the most famous, renowned as the source of

"Lemnian earth", a cure-all for almost every conceivable disorder.

Dug from a hillside pit on the north side of the island, this magical substance was made into small lozenges, which were exported all over the Mediterranean. In the 2nd century AD, Galen, the Greek father of modern medicine, made a special journey to Lemnos to investigate the earth. It was believed to be effective against poison and snakebite. In the 16th century

Terra sigillata (sealed earth) or *Terra Lemnia* was used against dysentery and the plague, and was so popular that quack doctors took the trouble to fake it.

Until the end of the 19th century it was still dug and made into pills, as described by the Rev Henry Fanshawe Tozer in his book on the Aegean islands, published in 1890. Tozer was one of those Victorian clergymen who travelled for months at a time - presumably leaving their caravans in charge - and were happy to go anywhere.

He set out from Myrina with three hired horses and a guide, and took a day-and-a-half to travel the 15 miles to the pit, shadowed by suspicious Turkish soldiers.

In Galen's time, Tozer wrote, the earth was kneaded and moulded by the priestess of the moon goddess

Artemis, who was the only person allowed to handle it. It was then stamped into small pieces, each stamped with the seal of the goddess. Under Christianity the ritual took on Christian overtones. In Tozer's time it was overseen by the Turks, who still ruled the island.

The annual ritual, attended by about 3,000 islanders, took place on August 6 and was conducted by both Greek and Turkish priests. The earth had to be dug before sunrise, otherwise it would lose its medicinal powers. The Turks sacrificed a lamb, which they ate, while the Christians had to make do with fish, as August 6 fell during a fast.

After a service recited by Orthodox monks, the month of the pit was cleared, and five or six sacks were filled with the earth. They were handed to the Turkish authorities, who sent most of the earth to the Sultan in Constantinople, though the Greeks were allowed to keep a small proportion.

Last summer, armed with Tozer's book, I went in search of the pit. The journey from Myrina today takes well under an hour, mainly along the military road. Tozer described exactly where the pit was - below the summit of a 200-ft hill, about a mile south of the village of Kotschino (today's Kotsinas) and

above a spring called Phthalidia. I had no problem finding the spring: it has been diverted into a series of drinking troughs and was in constant use. On the hillside above, I found all sorts of thistle-filled hollows where the earth might have been dug.

But even in his day the farmer who owned the hill was threatening to plough over the pit, and the quest was obviously hopeless. So I walked down the hill again, had a swig of the marvellously fresh Phthalidia water and went back to Kotsinas.

On my return to England, I tracked down a remnant Lemnian

earth. It is called simply "Terra sigillata", ref 1939.956, and is kept in a drawer of the Natural History Museum's mineralogy department. It is an insignificant reddish cylinder about 1in across and 1/2in deep, like a small terracotta basin plug or a large Rolo. Its upper surface is stamped with the words "Terra Lemnia" (a misspelling for "Lemnia"), with a crescent moon and three stars above, and a pair of crossed palm branches below.

The Rev Tozer is dismissive about the earth's medical properties, quoting an analysis that found it to consist of "silica 66 per cent, alumina 14.5 per cent, oxide iron 6 per cent, water 8.5 per cent, natron 3.5 per cent", together with small quantities of lime and magnesia.

Keith Spence

Lights on a winter night

TROMSO, Arctic Norway. 3pm. Pitch black. I lean back and gaze. This was exactly what I had come to see: the Northern Lights, the *aurora borealis*, flickering against a huge sky.

Things had begun in the north-west. A few green bands, like slats of Venetian blind, had appeared above the horizon. Dimming momentarily, they returned stronger than before, spiralling upwards and showering waves of phosphorescence across the night. Trees, which had been enveloped in blackness, revealed gaunt silhouettes against a glowing green expanse.

The technician, a burly Nor-

wave at the natural firework show, in spite of parental warnings that this invites the lights to carry them away.

I was getting carried away, myself, but not by the lights. I had given up on the *aurora borealis* and had turned my attention to the attractions of Tromso itself, a city of biscuit-like picturesqueness.

January in Tromso is cold and snowy, but not as chilling as one would imagine for a city on the 70th parallel. My flight from London, via Oslo, took four hours. A similar journey south would have landed me in Timbuktu.

There was an extraordinary muffled silence about Tromso, blanketed as it was in snow. The only sound was the trickle of water and the occasional crash of melting ice shipping from claspboard houses and pin-sharp church steeples.

From my bedroom in the Hotel With (with what I wondered) I could make out the cobweb-thin bridge separating Tromso from the mainland. In the dark, the spindly structure vanished from sight and car headlights appeared to float slowly over the black watery divide. On the mainland was Tromso cathedral (yes, the world's most northerly), a peculiar girdled affair like the rib-cage of a whale. Mountains stared starkly behind.

I had quite forgotten the Northern Lights by now as I padded and skidded across the tiny city centre, sliding from bar to bar. I even squeezed in a visit to the Polar Museum, which occupied my attention for several hours - saving me a small fortune in beers.

■ Intravel (0439-71111) organises Northern Lights packages departing every Thursday in January and February, returning Sunday. The weekend, including scheduled flights on SAS and accommodation at Hotel With, costs £390. Accommodation is nominally h.b., but residents can help themselves to coffee and pancakes during the day and a smorgasbord in the evening (worthwhile in view of exorbitant restaurant prices).

The Northern Lights, caused by high-speed solar particles hitting the earth's magnetic field, are visible on clear, dark nights between 7pm and 3am. In January and February, you stand roughly a 50 per cent chance of seeing them.

David Pilling visits the arctic circle in search of illumination

wegian, snapped on the lights to illuminate the domed planetarium ceiling on to which the *aurora borealis* had been projected. The real Northern Lights were outside, but were obscured by cloud cover.

The planetarium opened in 1989 to satisfy tourist cravings for the Arctic's most famous phenomenon. If the real lights were playing hard to get, at least these were reliable.

On one occasion, he said, a group had emerged blinking from the planetarium just in time to witness one of the most spectacular displays of the *aurora borealis* in years. Many visitors are not so lucky. The Northern Lights remain elusive, even here in the world's northernmost city at the heart of their most active zone.

I went in late January. Tromso was just emerging from two months of total darkness, a period when many people, ironically, find it almost impossible to sleep.

Judging by the packed and numerous bars, the city's sleep-deprived multitudes take solace in Arctic beer - brewed, according to the can, in the world's most northerly brewery. At 24 a pint, it was certainly approaching the most elevated prices.

Many Tromsians attribute mystical qualities to the Northern Lights. Children often

SPECIAL INTEREST

EGYPT

NILE CRUISE
7 Nits
F/B
2nd week FREE
at Laxer Novotel
(pay V&A & room tax £49)
★ No Surcharges
Depa Fri May & Jun
Garnett Manchester (top £12)
See your travel agent
CALL 081-748 5050
HAYES and JARVIS
081-748 5050

GO SKIING IN EILAT THIS SUMMER!

Water skiing of course! The warm Red Sea is the venue for every watersport under the sun and the weather is as warm as the water!
FLIGHTS FROM £186
PRICES FROM £239
Red Sea Holidays
081-892 7606
081-892 7851 (24 hrs)
AETA 3678 ATOL 1296 IATA

T WICKERS WORLD

The natural world
Cloud forests & birds
National parks & reserves
White water rafting & canyons
Pacific beaches & volcanoes
Safe and welcoming
Where else but
COSTA RICA
Contact us now for our Natural World Brochure
22 Church Street, Twickenham, TW1 3NW
081-892 7606
24 hour brochure service
081-892 7851
AETA 3678 ATOL 1296 IATA

ZIMBABWE

TANZANIA, BOTSWANA & SOUTH AFRICA
TWO MONTHS SAFARIS
Luxurious remote lodges.
Walking safaris. Expert guides.
Lovely colonial hotels.
Superb wildlife.
Call us to create your ideal safari
Phone John Burdett or
Julian Edmunds on
(0604) 28979
AFRICA EXCLUSIVE
Hamilton House, 66 Palmerston Rd
Northampton, NN1 5EX

HOLIDAYS ABROAD

ROTTACH-EGERN

on Lake Tegernsee 45 minutes southwest of Munich. Fully furnished apartment (sleeps 2-4) to rent in idyllic resort town at foot of Bavarian Alps.
Tel/Fax: +49 8022 85953

AFRICA

AFRICA

LOW COST FLIGHT SPECIALISTS
AFRICAN WORLD TRAVEL SERVICES
RADNOR HOUSE, 5th FLOOR, SUITE 501, 93 REGENT STREET, LONDON, W1R 7TB.
TEL: 071 734 7181/2/3

TUSCANY

TUSCANY COAST -
Monte Argentario, almost an island. Exquisite, marvelous sea views, 5 mins walk from unspoiled beach. 1 1/2 hrs north of Rome.
Tel: 01 994 2956
Fax: 747 8343

HOLIDAYS & TRAVEL

WORLD WIDE SPECIALIST

Club/1st. Class, Concord
Flights, for quotes call:
Regal Travel,
IATA 071 734 7373

SPECIAL INTEREST

BRAZIL

Meridien Copacabana
5 Nits
B/B
★ Child price from £78
★ No Surcharges
Depa Heathrow Apr-Jun
See your travel agent or
CALL 081-748 5050
HAYES and JARVIS
081-748 5050

GAIN IMMEDIATE RELIEF

from slings/bites with the EXTRACTOR
first aid kit - Call Apex Connection on
0202 709616.

IMPROVE YOUR FRENCH

"Academy"
language holidays in Provence and
from 1989. Gain confidence and fluency in
French, and have a lot of fun as well.
Phone HEADWATER (0608) 44485.
AETA 3678, ATOL 2412, AITO

FLIGHTS

frequent flyer

to	from	to	from
Los Angeles	Feb £1210	Feb £1210	Feb £1210
New York	Feb £1210	Feb £1210	Feb £1210
London	Feb £1210	Feb £1210	Feb £1210
Paris	Feb £1210	Feb £1210	Feb £1210
Amsterdam	Feb £1210	Feb £1210	Feb £1210
Brussels	Feb £1210	Feb £1210	Feb £1210
Frankfurt	Feb £1210	Feb £1210	Feb £1210
Munich	Feb £1210	Feb £1210	Feb £1210
Stuttgart	Feb £1210	Feb £1210	Feb £1210
Vienna	Feb £1210	Feb £1210	Feb £1210
Zurich	Feb £1210	Feb £1210	Feb £1210

DISCOUNT FARES

In 1st Class, Club & Economy Class.
Also Concord.
For the best guaranteed deals please
contact the experts
Tel: 071-439 2944
Fax: 071-734 2342
Pan Express Travel

U.K. HOTELS

The Stafford

Situated in the heart of the West End with 74 luxurious rooms and suites including the delightful Carriage House. 5 Private dining rooms are also available, one of which is the 350 year old wine cellar.
THE STAFFORD SUMMER SPECIAL
Special rate £280 per room per night, fully inclusive of V.A.T. and service, in double or single room accommodation. Also includes complimentary full English breakfast plus no children under the age of 12 stay free sharing a room, but not inclusive of food. Valid 4th July to 4th September 1993.
TELEPHONE 071-493-0111
NOW for a reservation or for further details
THE STAFFORD, ST. JAMES'S PLACE, LONDON SW1A 1JG Tel: 071-493-0111

PARKES IN KNIGHTSBRIDGE

UNIQUE, FULLY EQUIPPED, REASONABLY PRICED, SUITE, WITH ALL MODERN CONVENIENCES.
Tel: 071 581 9944.
Fax: 071 225 1442.

EARLYBIRD BUDGET LONDON BREAKS.

4 nights for the price of 3. Kids free.
Tel: 071 243 0987.
Fax: 071 792 1957.

COMBINE BUSINESS WITH PLEASURE

"EASY ACCESS TO CITY & WEST END"
"35 PERSONALISED ROOMS"
"INTIMATE RESTAURANT & BAR WITH GUARANTEED"
"FREE TICKETS"
TO A WEST END SHOW OF YOUR CHOICE
LONDON EUROPE HOTEL
Lancaster Terrace, West End
London W2 3PF
Tel: 071 402 4441 Fax: 071 324 9500

FLIGHTS

CLUB + 1ST CLASS

Discounted Fare Experts
Phone
EXECUTOR TRAVEL
081 792 8616
AETA ATOL IATA

FRANCE

LES MAISONS D'ORIE

DOROGNE
EXPERIENCE
A fine selection of quality character properties.
The resident English speaks.
Les Maisons Dorées, 4 Rue Andrieux
52201, Sarlat France
FRENCHPHONE: 0800 897495
TEL: (0133) 53.39.44.44
FAX: (0133) 53.39.16.16

TRAVEL SPECIAL - ITALY

17th April 1993

If you need to reach an audience whose perception of Italy goes beyond Pasta and Pavarotti, then the Weekend FT's travel special provides you with the opportunity to reach this affluent and cultured readership.

For further information on advertising in this or any other travel feature contact:
John Argyrides 071 407 5753
Teresa Keane 071 407 5755
Scott Cadeby 071 407 5751

THE BOLSHOI EXPRESS

Introducing the Luxury Steam Train Through Russia
St Petersburg & The Baltic States

In an unprecedented and spectacular new programme, Cox & Kings invite you aboard the elegant Bolshoi Express as it charts its inaugural journey through the fascinating and rarely visited republics of Estonia, Latvia and Lithuania.

This remarkable 11 day journey reveals the cultural, religious and social differences of the three Baltic States. Yet similar legacies of persistent conquests, years of Soviet rule and struggles for independent survival have generated a spirit that transcends borders and which is manifested in a unique display of folk songs, drama, art and classical music. Nowhere in Russia is the Soviet renaissance so evident and so vibrant.

From Moscow, the Bolshoi Express steams north through tranquil green countryside dotted with forests and lakes to the ancient Baltic capitals of Riga, Vilnius and Tallinn. The narrow, picturesque streets of the old centres are lined with an architectural blend of Gothic, Renaissance, Baroque and classical styles, reflecting the enduring legacy of the peoples who once conquered these lands. As the Bolshoi Express reaches Tallinn on the coast of Finland, we begin our journey south to St Petersburg, where we end our tour in the beautiful "City of Tsars".

Departures: 3rd June 1993
Prices/per person: £2395
Twin Cabin: £700
Suite Supplement: £700
Single Supplement: £870
Cox & Kings
FOUNDED 1758
45 Buckingham Gate, London SW1E 6AF

FICTION AND ARTS

A Western thoroughbred

Andrew Clements is bewitched by a new giant of American fiction

ANYONE who has read any of Cormac McCarthy's previous novels, particularly *Blood Meridian*, his Odyssey through the badlands of the American West, will already know the frisson his writing can generate and the sheer force his imagery musters. Yet there is no prior knowledge that could anticipate the searing achievement of *All the Pretty Horses*. In a single giant stride it takes McCarthy to the forefront of contemporary American fiction.

The origins of McCarthy's art, in William Faulkner and Hemingway, are easy enough to discern: his prose has a compulsive directness, a descriptive virtuosity which wastes not a single word. Now, though, comparisons and antecedents are made to seem irrelevant. The voice is manifestly a unique and powerful one, the world it inhabits has been made entirely its own. There is something almost transcendental about McCarthy's descriptive virtuosity, a compulsion to observe and record the dream of the old America. As they cross into Mexico they meet up with a younger absconder, Blevins, the last issue of another old West lineage, the outlaw. After Blevins steals back his escaped horse the three youths are forced to split up and the older two find their way to a Mexican ranch.

ALL THE PRETTY HORSES
by Cormac McCarthy

Picador £14.99, 302 pages

which seems to be the very lost arcadia they had set out to find.

The lyrical centrepiece of McCarthy's book is a loving description of the two boys' life on the ranch as working cowhands, luminous in its details of the enchanted world as the boys perceive it. When cruel reality intrudes again, Blevins is caught as a horse-stealer and Grady and Cole are implicated too -

the unblinking force of the book does not waver. The inhumanities of prison life are portrayed just as vividly as the lyric interludes. Grady emerges from his ordeal forcibly matured, yet clinging to his own moral code of loyalty and courage through which he can survive the institutionalised horror.

Not the least considerable of McCarthy's achievements is to make the narrative as spell-binding as his descriptive flights. One remembers the harsh beauties of the book - the image of song birds impaled by a storm on the spines of a cactus, the hymn-like celebrations of the natural grace of horses in an unforgiving landscape - but also the corrosive tale and the moral imperative it conveys. Everything, too, is wonderfully proportioned; all the strands are perfectly integrated, without any spare flesh. For once a jacket blurb has got it absolutely right: *All the Pretty Horses*, it says, "is indisputably a masterpiece".

A saga, backwards

ADJECTIVES come racing to mind to describe Mr Mani, for instance "rich, complex, exotic, creative, informative", but "easy" is one that does not fit. On finishing it, this reader had the reaction that he had to turn back to the beginning in order to grasp more fully the sources of his admiration.

A B Yehoshua has hit upon an original way of telling what in former days might have been a three-decker family tale of the Thomas Mann or Galworthy type. Depicting ten generations of the Mani family, Yehoshua chooses to unfold the story backwards, from a

young Israeli woman in the present bringing up the latest Mani, a boy whose father has been killed on active service in Lebanon.

Behind her and this boy stands a grandfather who is a judge, and behind him stands an elder Mani who was in Crete with his family at the time of the German invasion in 1941, and who did not survive the Nazis. Behind him stands his father, who had been in Palestine when the British captured it in 1917, and had been

treated as a spy and deported to Crete. And behind him stands a previous generation which travelled between Poland and Jerusalem. In this way the roots of the Manis are traced to a forebear in the Jewish quarter of Salonika in the 18th century.

By the fictional standards of today it might have seemed unacceptably old hat to give a straightforward narrative even of so unusual a lot as the Manis. It is also a brilliantly oblique method of telling the entire recent history of the Jews, of course, with the one diaspora in Europe and the other in the lands of the former Ottoman empire meeting now in the modern state of Israel, and not always smoothly as a new identity arises.

Yehoshua sweeps in an enormous cast of characters, beginning with wise rabbis and Jewish doctors and villagers in eastern Europe, going on to Dr Herzl himself at a Zionist Congress in Basel, taking in the British consul and British army officers and people who ran a clinic in Jerusalem, Ottoman Beirut, Turks and Arabs and Jews of all sorts. Such a

display of learning and command of historical detail might have been intimidating, but the touch is far too light and natural for that.

As for the Manis, they survive without giving any sense that they realise how special they are. As a family they have more than their fair share of suicide and illegitimacy. History brings them tragedy and murder. Their personal dramas

MR MANI
by A B Yehoshua

Peter Halban £15.99, 368 pages

count for more than anything symbolic which Yehoshua may have intended for them as representatives of Jewish fate. It is extraordinarily skillful to have captured the Jewish mixture of suffering and revival, despair and messianic hope, without in any way spelling out such heavy themes.

Which brings us to technique, a subject of concern to writers rather than readers, but inescapable in this case. Yehoshua has chosen to arrange the novel in the form of five lengthy conversations,

so that the saga is not necessarily carried forward (or backward) by those directly living it, but instead through the mouth of someone convenient for the purpose: the mother of the last Mani boy, the German soldier who killed the Mani in Crete and so on.

The supposed interlocutor is missing. The conversations are therefore so many interior monologues. On the one hand this allows Yehoshua to range far and wide, but on the other it proves extremely cryptic because it is one-sided. The reader is often left to puzzle out what the missing person is supposed to have said, and Yehoshua delights in setting traps.

I cannot imagine what else Yehoshua could have done, but imposing this structure on himself makes for harder work than need have been the case, and raises an awkward question of verisimilitude: if one side of these conversations has been recorded, how come the other has not?

In the future, as this book takes its rightful place, seminars and doctorates will thrash out that point. Let me now add "creative, wild, exemplary, life-enhancing and even optimistic" to the list of adjectives.

David Pryce-Jones

Life after apartheid

ANDRE BRINK, a writer made famous by a series of large-scale, energetically plotted novels capturing the violent complexities of South African life past and present, here attempts something completely different. End-of-apartheid fiction - moving away from anguished verisimilitude or else didactic accounts of political turmoil to new or previously neglected areas of South African novel-writing sensibility - is already well into its first phase. Writers are reclaiming "personal" modes of narrative, re-examining history (their own and that of the country itself), re-discovering a wider range of story-telling formats.

In a fascinating recent series of Radio 3 interviews with South African authors conducted by Christopher Hope, this point emerged again and again: and one of its most forceful articulators was Brink. His migration from, say, *Looking on Darkness* or *A Chain of Voices* to *The First Life of Adamastor* is a modulation of form, scope, focus, tone of voice: the pessimism that emerges from the juxtaposition of paradisaic landscape and the *comédie humaine* it has engendered, is essentially the substance common to all those works.

The new book is a still-life exercise in consciously applied archaic style. Brink found his starting point in the great Portuguese poet Camões, and in particular the Cantos from the *Lusiads* dealing with the transformation of the Titan Adamastor into the rocky Cape peninsula as Zeus's punishment for his obsession with the nymph Thetis. This is the inspiration for a new and, for much of its course, freshly invigorating fable on the eternal conflicts of race, culture and religion that have stratified South African history, and the dark strands of sexual attraction that have constantly

cut across those politically imposed strata.

Adamastor is here leader of a Khoi - in debased South African usage, Hottentot - tribe. One day he finds a white woman deposited on the beach, as if hatched from an egg, in the ensuing tale of mutual incomprehension, growing sexual attraction, courtship and downfall, ruin is inevitable not only for Adamastor but for the whole tribe - a fair amount of it brought about by the size of his own sexual organ, which increases with such unstoppable rampancy that only a lucky painful accident solves the problem.

One of the madder myths to have fogged white relations with black Africa is of the

THE FIRST LIFE OF
ADAMASTOR
by André Brink

Secker & Warburg £7.99, 136 pages

TAKE LEAVE AND GO
by Karel Schoeman

Sinclair-Stevenson £14.99, 279 pages

black male and his sexual equipment and endowment. Touching symbolically on this and much else, Brink infuses his material with a piquant blend of sophisticated naivety and comic robustness. Quite often, unfortunately, the tone wobbles - it almost always does at diverse points in Brink's fiction - in this case, into irritating cuteness. At times the control of allegorical function seems threatened with debilitating artifice. In the end, though, the author brings it off: a dark subject treated with peculiar imaginative lightness.

A younger and less well-known Afrikaner writer, but one with a wonderfully fastidious command of tone, texture and subtly placed descriptive detail, is Karel Schoeman. (Unlike Brink, who has long abandoned Afrikaans for English, he continues to work in his native tongue.) *Take Leave and Go*, his third novel, affords its own distinctive example of the newly expanded South African approach to fiction. Set in a near-future gripped by civil war, it achieves through the sustained finesse of its writing an understated vision-in-depth of white



André Brink

society on the edge of the new era, and/or the precipice: its tight webs of personal relationships inexorably loosened and privileged assumptions about art and culture put to the test.

In the foreground the narrative is deceptively limited in incident: Adrian, a poet who has just published an admired volume, functions equally as central character and witness to the disintegration of the social and political fabric. Episodes of dream and fantasy, elusive yet beautifully precise in patterning, enlarge and enrich the poetic and psychological canvas, all the more so since at its centre there unfolds a disquietingly pertinent examination of the very nature of artistic creativity and the artist's role in a society convulsively undergoing change.

This novel, serious but never stuffy, subtle but never laboured, is, I think, the most impressive to have come out of South Africa for a very long time.

Max Loppert

HRH THE PRINCE OF
WALES'S
WATERCOLOURS

AT
THE MUSEUM OF GARDEN
HISTORY
Lambeth Palace Road,
LONDON SE1 7JU
Tel: 071 261 1881

Monday April 5th to Thursday
April 29th, 1993
(except Sunday April 26th when the
exhibition is closed for the Museum's
Spring Garden Fair)

The Museum of Garden History, of
which The Prince of Wales is Patron, is
honoured to present the first London
exhibition of his watercolours.
Admission £2.50 Opening hours:
11 am-5 pm Mon-Fri
10.30 am-5 pm Sunday.

Radio
Get
off my
show!

THE FIRST thing you learn as presenter of *Feedback*, the correspondence column of the air on BBC Radio 4, is that radio is woven into the lives of the listeners in a way that television never has been and probably never can be. You have to sit down to watch television and if someone moves *Minder* from 9.00 to 8.00 pm it may annoy you, but it makes little difference to your life. However, if broadcasters change the running order of the *Today* programme in even the smallest way they interfere with the morning ritual of shave/shower/breakfast or dress/cook/shop.

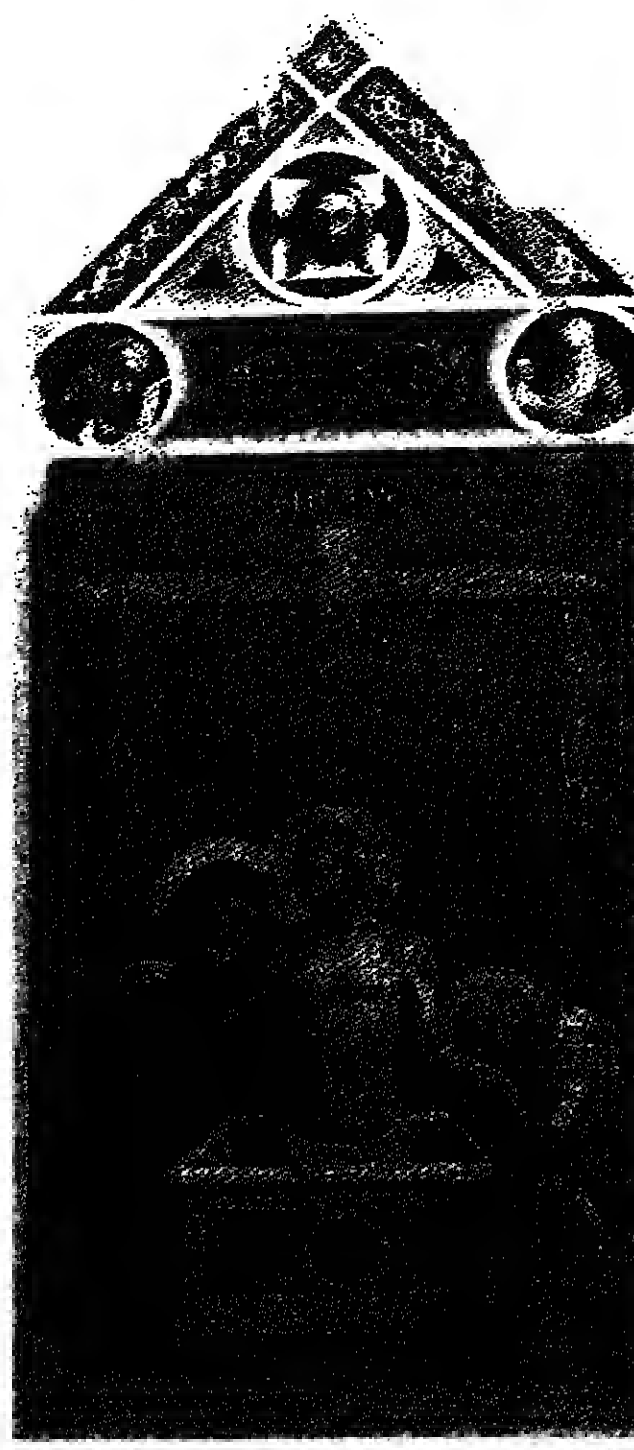
Move *Woman's Hour* from the afternoon to the morning and you play havoc with a woman's daily routine and spoil her coffee break. It is made abundantly clear to the *Feedback* presenter that when radio chiefs do change the schedules, listeners feel as though someone has walked uninvited into their home and rearranged the furniture. They write not in irritation but incandescent with fury asking "Whose radio channel do they think this is?" implying a possessiveness that nobody feels for a television network. It is probably radio's greatest strength.

The second thing you realise is that 99 per cent of people only write when angry. This results in a phenomenon which, early on in the job, I named "Kaleidoscope Syndrome". Radio 4 controller Michael Green decided that instead of running the arts magazine *Kaleidoscope* solely in the evening, he would originate it in the afternoon and give it an evening repeat. From all over the country I was inundated with vituperation.

"Get this artsy-fartsy metropolitan rubbish off my radio," snorted one, "while I'm ploughing here outside Diss I do not want to know what that effete crowd are getting up to in London". The programme was condemned as a botch of homosexuality (there had been two vaguely gay items in the first 10 days) and heaped with scorn: what was the point in listening if you could not get to the theatres and galleries reviewed? The letters came from north and south, men and women, young and old, and there were no counterbalancing expressions of welcome. It was clear that *Feedback* had to record this hostile reaction.

Having done so I was cascaded with letters saying "Hold on a moment, we like hearing about the London arts scene here in Ayles/Beccles/Catford. It's true we cannot get up to town very often but that is exactly why we need *Kaleidoscope* to keep us abreast of things. Hands off!" Others said there was far too little about gay matters anywhere in the mass media. Such letters eventually outnumbered the hostile variety, yet I doubt if any would have been written had those listeners not been enraged by the initial attack. People who are content with what they hear rarely bother to write, though they may well be in the majority.

Yet listeners - and this is Lesson 3 - tend to believe, as



Masolino's "Pietà" a fresco painted in 1424 for the Baptistry of the Collegiata at Empoli - taken from the newly-published catalogue raisonné, *Masolino and Masolino: a Complete Catalogue* by Paul Joannides (Phaidon Press £95, 488 pages). This superbly illustrated volume covers the total achievement of two of the greatest artists of the early Renaissance; their influence on each other requires that they be considered together. Their best known collaboration was the Brancacci Chapel in Florence.

soon as they hear three or more other people expressing views which endorse their own that "Everyone agrees..." Having heard three letters saying that *Any Questions* is now merely a political dogfight, and should be changed back to the old civilised discourse between intelligent non-political all-rounders, they write to *Feedback* asking "Why on why does the BBC persist so stubbornly in this idiosyncrasy when they have been told repeatedly that everybody dislikes it?" This was the pattern with the *Woman's Hour* move from afternoon to morning and with the change in *Any Questions* from a letters programme to a phone-in, both of which produced numerous hostile letters.

When I discovered that in both cases the changes had resulted in enlarged audiences, and said so, I received sceptical letters asking "Who says the audience is bigger? Who is doing the counting?" and claiming daskly "I've never met anyone who has been polled by the BBC", as though the writers really believed that the BBC was determined to lower its ratings and then lie about them.

And the favourite *Feedback* topics? This season it has been the plan to use Radio 4's long-wave frequency for a continu-

ous news channel, leaving the familiar mixture (*Letter From America*, *Desert Island Discs*, *Gardener's Question Time*) solely on FM. The proposal is opposed passionately not only by users of portable radios and car drivers all over Britain, who have difficulty getting clear FM signals, but by many in continental Europe who are able to receive Radio 4 only on long wave.

However, in the long term the matters which attract most letters are *The Archers*, the world's longest running soap opera and a series which could easily sustain a weekly correspondence programme on its own (Ruth's howling baby is currently causing the *Feedback* postman's back to bend, with the breast-feeders up in arms about the poor little mite being given a bottle), and English usage. One day I intend offering Radio 4 a series to be called "Less Mistakes In English" sub-titled "A New Criteria: Different To All Previous Series". Only one thing infuriates the English pedant more than a change which has crept into English usage between his childhood and today - and that is hearing it on BBC radio.

Christopher Dunkley

From solo to
silence can be
a short step.

A professional musician's career is seldom conducted at an even tempo, and doesn't always end fortissimo. Illness, old age or plain misfortune can all cause financial distress.

That is where the Musicians Benevolent Fund comes in.

For nearly 70 years we've been helping needy musicians and their families. If you enjoy music please support those not so fortunate who have made music their life. Better still, remember the Fund in your will, so that your love of music can live on and benefit others.

Please send a donation, large or small, to:
MUSICIANS BENEVOLENT FUND
Patron: HM The Queen
16 OGLE STREET, LONDON W1P 7LG.
(REGISTERED CHARITY 228089)

Entries Invited

CHRISTIE'S



Frederic Leighton B.R.A. (1830-1896).
"Faint and Capricious", oil on canvas,
58 x 18 1/2 in. (147.5 x 47.5 cm.)

Fine Victorian Pictures,
Watercolours and Drawings

Auction: London, 11 June 1993

Enquiries: Martin Beisly or Neil Wilson
on (071) 389 2468/2395

Entries invited until Friday 23 April.

8 King Street, St. James's, London SW1Y 6QT
Tel: (071) 839 9060 Fax: (071) 389 2204

ART GALLERIES

MARLBOROUGH FINE ART LTD 6
Alderman Street, London W1 John Dowie
New Sculpture Unit 30 April 1993 Mon-Fri
10am-6pm, Sat 10am-12.30pm, closed 9-
12 April 1993 Tel: 071-629 5161

LEVERNE GALLERY 30 Brunel St W1 071-
463 2107 An exhibition of paintings by
GEORGINA O'NEILL (1867-1908) 6 APRIL -
7 MAY. MON-FRI 10-6PM

مكتبة القرآن الكريم

RECORDS

Opera/Richard Fairman

A style that crosses all borders

Verdi: *Don Carlo*. Metropolitan Opera Orchestra and Chorus/James Levine. Sony SK 52500 (3 CDs)
Verdi: *Don Carlo*. Orchestra and Chorus of Rome Opera House/Gabriele Santini. EMI CMS 7 64642-2 (3 CDs)
Donizetti: *Lucia di Lammermoor*. London Symphony Orchestra, Ambrosian Opera Chorus/Lon Marin. DG 435 309-2 (2 CDs)
Leoncavallo: *Pagliacci*. Philadelphia Orchestra, Westminster Symphonic Choir/Riccardo Muti. Philips 434 131-2

THE BORDER controls are gone and the EC has formed its single market. For many industries the new Europe may mean a culture shock in trade and working methods, but not in the business of classical music - surely the first industry to have created its own single market, transcending all global boundaries.

Those who complain that Maestri will result in a loss of national identity might like to consider what has happened here. Since the war European opera companies have increasingly come to look and sound like each other, a point it has become particularly striking with the influx of Russian companies that still perform the way they always used to. It means

nothing today to come across a recording of an Italian opera in which the total number of Italian principals in the cast is either one (Sony's new *Don Carlo*) or effectively none at all (DG's *Lucia di Lammermoor*).

In these circumstances it is a losing battle to complain that the performances are hazy on matters of style, however high their general quality. The new set of *Don Carlo*, recorded in New York, is in many ways a high quality product. The playing of the Metropolitan Opera Orchestra is exemplary; the version used is the full five acts, with an extra chorus of woodcutters thrown in at the beginning for good measure. The set aims well above the mediocre standard achieved by the previous releases - *Aida* and *Luisa Miller* - in this Verdi series.

Unfortunately the often-cut Act 1, a court hunting-party at Fontainebleau, does not find James Levine, the conductor, at his happiest. French elegance is not really his suit. In essence Levine is an unsty-

lish Verdi conductor, too up-front, too American in his determination to make every minor incident smack the listener on the nose. But this *Don Carlo* stays within reasonable bounds and it powers along with a convincing dramatic energy. In the title-role it also has an important newcomer. This is the tenor Michael Sylvester, already encountered at Covent Garden, who rises to the challenge here to make a bright, youthful-sounding *Don Carlo* with plenty of ring in the voice, some tightness at the top aside. (Is he perhaps an answer to the question, "What are we going to do when Pavarotti and Domingo have gone?")

In the fearsome role of Eboli, Dolora Zajack sings with the vocal electricity turned up to maximum. Vladimir Chernov as Posa is again Levine's virile Verdian baritone. The disappointments come at either extreme, as Aprile Millo's Elisabeth seems to me only marginally less wobbly than in her previous outings in this series and Ferruccio

Furlanetto's soft-grained bass makes for an excessively weak Philip II. In his confrontation with Samuel Ramey's imposing Grand Inquisitor there is no contest at all. Perhaps it did not help that I had just finished listening to the same scene in EMI's re-issue of its 1955

'Classical music is the first industry to have created its own single market'

Don Carlo under Gabriele Santini. The bass there is Boris Christoff - implacable, granite-voiced, truly a fearsome exterior hiding a crumbling heart within, and very moving, too. His halting comment "She loves me no more" at the end of his aria could make grown men weep.

For him and Tito Gobbi's well-characterised Posa the set is worth its mid-price. But the rest barely

passes muster. The style is right (no lack of Italians here) but at a mediocre level of achievement. And too much of the opera is simply missing. Record collectors in 1993 will be shocked at how much Santini and his team felt happy to cut in those days - not only the first act (Verdi himself provided for that) but sizeable chunks out of many of the set-pieces. This is one of the great operatic scores and I want to hear as much of it as possible.

For a good example of the current trend in opera recordings one only has to turn to the new set of Donizetti's *Lucia di Lammermoor*. Great voices populate the cast. (The tiny role of Lucia's companion - "What do you say?" - "Why do you look around?" - "Here he comes!" - is taken by a singer who is a notable soloist in her own right.) The orchestral playing is spick-and-span; the recording quality is excellent. But the performance as a whole never makes any special contact with the opera.

In the course of listening to this

DG set I dipped into a live performance from Berlin in the 1950s, led by Maria Callas. Maybe the comparison is unfair, as performances on that level do not come round often, but very soon I found it difficult to tear myself away. The character of poor Lucia and the passions she unleashed came so vividly to life there that one felt compelled to follow the drama through to its conclusion.

On the new recording everything is, by contrast, rather vague. Suffice to say that Cheryl Studer sings the music of the title-role with much beauty of tone and a virtuosity commendable in a soprano with a voice her size. It would have been preferable to have a Henry Ashton with more "go" in him than Juan Pons, but Samuel Ramey offers recompense as an unusually lustrious Ede-the-Bent.

In the crucial tenor role of Edgar, Plácido Domingo is in his finest, burnished voice; the conductor Lon Marin displays plenty of energy. But it is symptomatic of the whole

enterprise that they make nothing out of those heartrending sequences in Edgar's dying moments, where Italian tenors of the old school would stretch out the phrases and make the music really sing. That was the true bel canto and it seems a world away.

Finally, a word of welcome - if that is the appropriate term - for the new *Pagliacci*. This Philips set has been given a rough ride elsewhere, mainly on account of Riccardo Muti's determination to rid the score of its traditional extra top notes, although some unattractive singing from Daniela Dessi's squally Nedda and Paolo Coni's strained Silvio does not help. The recording comes from a live performance in Philadelphia and the singers evidently did not get a second try.

However, as it features Luciano Pavarotti as Canio, many people will consider huying the set and it is worth reassuring them that the tenor is on good form with nothing to fear from having the microphones in front of him at a live concert. So often tenors bawl their way through this music, but Pavarotti never forgets that he is there to sing. The role, in short, is gloriously, eloquently sung. He is our main link with the Italian tenor tradition and we shall miss him when he is gone.

Jazz/Garry Booth

A homage to Miles the muse

So Near So Far Joe Henderson. Verve 517674
What We Do Jon Scofield Quartet. Blue Note 0771 7 99596 2 7
Percussion Bitter Sweet Max Roach. GRP 11222
Dear Old Stockholm John Coltrane GRP 11202

CURIOSLY, tenor saxophonist Joe Henderson does not consider the album which won him the *Down Beat* triple crown of best jazz artist, tenorist and album of the year, as well as a Grammy recently, to be better than anything he has done since his first of many Blue Note dates 30 years ago. So the fact that *So Near So Far*, the follow-up to his Verve debut, took the number one slot on the Billboard charts within days of its release in the US must be a source of some dismay to him.

Where the writing of Billy Strayhorn provided the inspiration for Henderson's succulent improvisation on *Lush Life*, here Miles Davis is the muse and more astringent tunes that span the late, lonely trumpet player's career, the raw material. Davis had the commitment and the "tradition" which enabled him to reach a wider than usual jazz audience, according to Henderson.

That fertile single-mindedness is lacking in a number of Henderson's younger peers, he

feels, and even where the young pretenders stick to originals it seems to Henderson that they aim to get in the way of a good tune. "There are so many beautiful melodies out there to be interpreted which so often are brutalised," he says.

It must be easy for Henderson to be disappointed by the inadequacies of his younger peers - he is one of the most inventive yet restrained tenorists around and the new disc shows him to be at the peak of his ever-mature powers. It helps that the line-up is a mutual appreciation society. Drummer Al Foster was Miles' spiritual intermediary during the great man's hiatus; Briton Dava Holland, a Miles accompanist in the late 1960s, provides densely woven bass lines; and John Scofield, whose alternately angular and blue electric guitar shares the solo work, adds glowing depth in accompaniment. The material, taken from 1947 to 1968, is not the most obvious of Miles' memorabilia but rather an essence which the quartet distills into coolly phrased essential extracts.

The choice of Scofield (borrowed from Blue Note) for this date was inspired, his metallic coloured chords giving cutting contrast to Henderson's deep lacquer. His own new album, *What We Do*, is typically a more arty and muted affair.



Joe Henderson: interpreting a great jazz master

Though the guitarist's regular rhythm section of Dennis Irwin (bass) and Bill Stewart (drums) are a hive of industry, Scofield steadies them with his knotty, understated solos. Tenorist Joe Lovano, light on his feet, buzzes in and out of leader's tunes, widening the narrow openings left for him.

On the reissues front, GRP has just launched its "Legend Masters of Jazz Series" with a cracking 1981 date from Max Roach and another of the same period from John Coltrane. Roach is perhaps less of a

legend than Coltrane in that he is still with us and the truth about his dangerous and exciting leadership is not questioned. On *Percussion Bitter Sweet* he pushes soloists Booker Little (trumpet), Julian Priester (trombone) and Clifford Jordan (tenor sax) to the cliff's edge. From Eric Dolphy's gulping harmonics on bass clarinet to Mal Waldron's piano melodies, Roach thunders gloriously.

The validity of Trane's intensity was never questioned and has been much romanticised

since his untimely death in 1967. *Dear Old Stockholm*, which has the tenorist backed by his favourite pianist, McCoy Tyner, and bassist Jimmy Garrison but Roy Haynes deputising for Elvin Jones, provides some prime examples of late Trane work. Restless as ever, and with the insistent pulse of Jones replaced by the spreading rhythm of Haynes, "One Up One Down" sees Coltrane painting his sheets of sound, "After the Rain" suspending the rhythm to sombre and atmospheric effect.

Modern Music/Andrew Clements

Birtwistle gets a better hearing

Birtwistle: *Melencolia I*. Meridian. Ritual Fragment. Antony Pay, Mary King, London Sinfonietta. London Sinfonietta/Kaussen. NMC D005

Maxwell Davies: *Black Pentecost*. Stone Litany. Della Jones, David Wilson-Johnson. BBC Philharmonic/Davies. Collins Classics 13662

Tippett: *Symphony No. 4*. Byzantium. Faye Robinson, Chicago Symphony/Solti. Decca 433 688-3

Cascken: *Cello Concerto*. Heinrich Schiff, Northern Sinfonia. Collins Classics 20062

Wood: *Piano Concerto*. Joanna MacGregor, BBC Symphony/Davies. Collins Classics 20072

SLOWLY BUT surely Harrison Birtwistle is gaining the representation on disc his achievement deserves. Though *The Mask of Orpheus* remains too daunting a challenge for any record company to take on, most of his important scores are now accessible from one label or another; one of the most significant absences, *The Triumph of Time*, is promised soon from Collins Classics, to be coupled with *Gawain's Journey*. The new NMC pairing of *Meridian* and *Melencolia I*, wonderfully performed and recorded, brings into the catalogue two of Birtwistle's most haunting and underrated works of the 1970s, scores that begin the exploration aspects of the highly wrought Orpheus sound world.

Melencolia I is a brooding study in string and wind sonor-

ity, setting a solo clarinet against two string orchestras with a harp to act as pivot and intermediary; a Dürer engraving provides the visual starting point and the progress of the music is slow and remorseless, with sudden passionate flarings.

Meridian, on the other hand, is perhaps the most perfectly achieved and sensuous of all Birtwistle's scores, a ravishing interweaving of settings of Thomas Wyatt and Christopher Logue with instrumental interludes in which solo horn and cello (long-standing Birtwistle protagonists) vie for attention.

Between the two pieces is *Ritual Fragment*, Birtwistle's

harmonic, thoroughly grounded in Maxwell Davies by Edward Downes, its former chief conductor, plays both scores for the composer with impressive strength and tonal resilience.

The main disappointment with Decca's welcome release of *Byzantium*, Michael Tippett's Yeats setting written for Solti and the Chicago orchestra in 1989, is the coupling; dedicated Tippettians will already have the same performance of the Fourth Symphony as part of the set of symphonies put together on CD by Decca three years ago. When several works await up-to-date recordings - the Piano Concerto most significantly of all - a precious opportunity has gone to waste.

For *Byzantium* alone, though, the disc is worth acquiring, for in this piece Tippett regained the verve and immediacy in his response to a text one feared had been lost for ever in the indulgences of his own libretto for the opera *New Year*. His reaction to Yeats' enchanted imagery is consistently vivid; however flaky the continuity and coherence of the musical structure, the parade of images is compelling. So too is Faye Robinson's performance, with Solti providing typically muscular orchestral support.

The latest in Collins' series of "CD singles" makes two much praised recent concertos speedily available. John Cascken's Cello Concerto, written in 1991 for Heinrich Schiff to play and direct, emerges from this recording a much bigger, more passionate work than it seemed at its first performance, and if anything even more impressive. Its pair of movements is parsed into a sequence of episodes each springing from a single poetic phrase, and the work arcs towards its final section, when Cascken uncovers a rich lyrical vein that extends everything that has gone before.

Hugh Wood's Piano Concerto, a big hit at the Proms in 1991, seems a more tightly integrated, carefully worked score than it did then, centred on the set of variations on Nat King Cole's "Sweet Lorraine" which forms the slow movement and whose source is only revealed towards the close. The rest - the propulsive opening movement, the jazz-inflected finale - offer effective solo writing, without ever hinting at the kind of personal utterance that Cascken's concerto manages so memorably.

MUSIC ESTABLISHED LTD
MAKING SOUND COMMON SENSE

We are an exclusive mail order company offering a specialist service:

- Probably the most comprehensive new release lists in the UK compiled by a classical specialist (FOC)
- Well discounted from high street prices: Full £12.75, Mid £9.25 Budget £6.45 (Overseas VAT free)
- We can obtain any CD, cassette etc currently available in the UK
- Free postage for 3 or more CD's (UK only)

If you would like a copy of our new release list or would like to place an order please write to: Music Established Ltd, 25 Newgate St, Morpeth, Northumberland, NE61 1AW, Tel: 0670 511744 or FAX: 0670 511979. We are not a record club and there is no commitment to buy.

Folk and Rock/Michael Horovitz

The new troubadours

THIRTY-FIVE years ago British poets such as Christopher Logue, Adrian Mitchell, Pete Brown and myself started wedding our verses to jazz. A few years later the Beatles and Stones were importing songs by Chinese and Bob Dylan and rolling their own. For the preceding half century American blues, folk and rock songwriter-singers had set the pace. When the Woodstock generation and British beats became parents, spoken and sung word-sounds opened up. What had been pigeon-holed as folk, ethnic, R&B and spiritual genres overlapped more loosely with poetry, pop and, latterly, world music.

These (re)volutions have been catalysed by artists, writers and producers of many hues. Dylan has acknowledged

how instrumental the "spontaneous pop prosody" of Jack Kerouac and Allan Ginsberg was in metamorphosing the Midwest-suburban college boy Zimmerman into the wildly free-ranging song-and-dance man he remains.

"Talking New Bob Dylan," a song on the recent album *History* (Virgin 7703) by London Weirwright III, one of Dylan's most original successors, articulates the perennial beginning-troubadour situation: "I had to stop listening/times were too tough/Me being the New Me/ was hard enough/You kept

right on changing/like you still always do/And what's best is - the old stuff/still sounds new." *History* sounds newer still, confronting harsh mid-life realities with telling wit and unescapable fortitude.

Another stream of straight-talking lyricism is renewed in the *Stormy Horizons* of C&W populist Hank Wangford, with his resourceful and spirited band. This recording (Sincere Sounds 004 - cassette £7, CD £11 from Frank Management, 3 Chesterton Road, London W10 5LY), is dedicated to the golden aeon of hillbilly boogie 40 years ago, before the great divide between rock and country was widened through fear, racism and sexual suspicion. The music conveys Wangford's passion for Texan honky-tonk, Tennessee Ernie, the Everly Brothers and the "sweet andness of country harmonies straight from the Kentucky

coalfields." At the same time it twangs in perfect - and frequently comic - tune with current British gloom, as in "End of the Road": "I've had enough/ enough of the rain/enough of the cold/I'm tired of the nights/The dazzling lights/when the wipers won't wipe/I've got cow-boy craziness/burning inside/ but I'm out of pills...I could be warm/flying in your arms/ So why am I here/with another flat beer/I want to go home."

After temping as a clerk in the City of London, John Baine felt that the stage-name Attila the Stockbroker would be in keeping with his evocative contract from the music: "to liquidate the gaggle of grey lug-worms and displaced Martians who have held the UK poetry set-up in thrall for yonks requirning the same old nepotistical pretentious irrelevant gunk."

Having spent a few years in punk and heavy-metal hands he was no more sanguine about the pop scene, feeling in 1981 that "rock has become largely redundant as a means of communication because the generally inane volume means you can't hear the words."

Since then he has issued a dozen lucidly phrased albums and cassettes, the best of which perpetuate his energy, humour and improvisational verve as a performance poet, singer and electric mandolin virtuoso. *Donkey's Years* (Musicdisc 107891, cassette & LP £6, CD £10 from ATS, 6 Colebrook Road, Southwick, BN4 4AL), gathers 13 of his latest hits, notably "Video Nazis", "This is Free Europe", "The Bible according to Rupert" and this ultra-contemporary lover's complaint: "Today I took out the rubbish/and thought of you./At the bottom of my dust-

bin/the maggots wriggled round and round/like planes circling over Heathrow Airport/Now and then/two larval aviators collided in the crowded, circular, putrescent grooves of metal/and I thought yes, this is us - /not even ships that pass in the night/but maggots wriggling in predator-dustbin/ of the enterprise culture."

Paul Weller, like Attila, is 34, but had formed The Jam at 14 and swiftly led it into one of the most rhythmic, soulful and humanly political beat groups in the world for the entire decade.

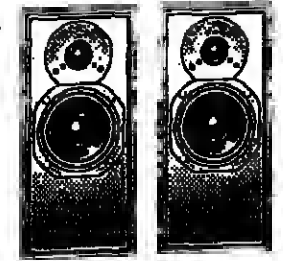
He goes on being one of the only big pop stars to pen hard-edged straight verse as well as music. His recent recording, *Paul Weller* (Go! Discs 898 343-1), is, rather surprisingly, his first solo album. It intensifies my sense of him as a more melodic, inventive and poetic guitarist, tunesmith and lyricist, especially of love songs, to keep on trucking than anyone since Dylan and the Beatles - with the possible exceptions of Peter Gabriel and Billy Bragg.

All Simon, no rattle.

Loudspeakers are the weakest link in a hi-fi system. Because they are mechanical and not electronic, they have more distortion. The only certain way to minimise this is to invest in the best.

ATC are the most highly specified, highly priced speakers in the world. They are dedicated to producing incomparable sound - with nothing added, nothing taken away.

In fact, ATC have about as much in common with most other speakers as a CD with an old LP. (Buy a pair for Simon.) For price and details, call Ashley James on 0285 760561 (fax 0285 760563).



ATC Loudspeaker Technology Limited, Copsey Lane, Aston Down, Stroud, Gloucestershire, GL6 8PH

Tumbleweeds roll again

NOT VERY many years ago Easter regularly heralded one of the oddest music events of London's musical calendar, the Wembley Country Music Festival. For a weekend the North Circular would sprout signs directing the faithful to the Wembley Arena where a gaggle of country stars would parade in front of an audience dressed (in spirit if not actually) in Marlboro man outfits.

Such an image of country music is offered by Slim Whitman, who regularly toured the UK in the 1980s performing watered-down versions of his

1950s hits. All these and more are available on the double CD *50 Original Tracks* (EMI 0777 7 8807824). Just how tangential to modern sense of country music they are can be judged from the titles: "Rose Marie", "Tumbling Tumbleweeds" and "I'll Take You Home Kathleen". In short, romantic balladeering.

This history is the subject of three welcome histories of the genre put out by EMI, *Capitol Classics*, by Sony, *Columbia Country Classics* and by Kenwood, *The History of Country Music*. All are five-strong sets organised by decades. Accordingly each of the Capitol set (which confusingly is numbered CDP 96841, 96834, 97541, 9752, 97555) the Sony set (468119-4681123) and the Kenwood double CDs (KNEWCD715-723) cover the 1940s to the 1980s. History being what it is the latest sets in each series are the most dubious.

Phil Hardy

LISTENING TO ANYTHING INTERESTING AT THE WEEKEND?

The Weekend FT Record Page is published on the second Saturday of each month.

If it's in - it's in.

For more information about advertising on this page. Please call James Burton on 071-873 4677

ARTS

Magnificent Titian, and other titans

WHAT DID Titian feel in the autumn of 1510 on hearing that Giorgione had died of plague? Perhaps he mourned for "Big George" who, as Vasari wrote, "taught everything he knew painting in Venice, even though he was still in his early 30s when he died. Yet Titian must have reflected that there now was no rival to stand in the way of his acceptance as supreme painter of Venice. And so began truly *The Century of Titian*, the title of the magnificent exhibition which can be seen in Paris and nowhere else.

It would be rash to prophesy that decades must elapse before there is another comparable exhibition of Venice's Golden Age. Nonetheless, it is certain that this exhibition had remarkable leverage in securing loans, thanks to the prestige of its organiser, Michel Lacotte. For this last exhibition before his retirement, the director of the Louvre has been calling in the favours, winking out important paintings which have not been lent for over a generation, and in some cases have barely been seen this century.

Room after room of the Grand Palais is hung with masterpieces from Venice's golden age, among them some of the best-loved paintings of the Italian Renaissance, such as Titian's "Flora" from the Uffizi and his "Venus at her Toilette" from Washington. Titian dominates, but this is not to say that it is his show alone.

The Royal Academy's *Splendour of Venice* in 1984 produced not one Giorgione, but some fine paintings from his circle. In contrast, Paris offers an entire room hung with 17 Giorgiones, among them the mysterious "Sunset Landscape" from London and the exquisite Laura, bare-breasted

in a fur-lined coat - a courtesan, a Virtue, or even, as some would have it, a marriage portrait. As for the bitterly lamented old woman, "La Vecchia," it seems odd that anyone could think this is Giorgione's portrait of his mother. However, the enormous catalogue (FFr300, 247.15) reveals that this is the opinion of the Italian scholar, A. Ballarin, on whose views of Giorgione and Titian the exhibition is more or less closely based.

But then, Giorgione is an endlessly mysterious artist. Hanging such a room amounts to throwing down the gauntlet to a dozen times - assuming that certain paintings such as the San Diego "Portrait of a Man," with its immensely delicate sfumato effect, are certainly by him. But whoever one plumps for, there is no gainsaying the extraordinarily powerful effect of a wall of five portraits of beautiful, narcissistic, moody young men, among them the famous Gattamelata from the Uffizi and the hand-on-heart youth from the National Gallery in Budapest.

The rooms which follow trace the influence of Giorgione, above all on Sebastiano del Piombo and on young Titian. The horns of controversy buzz loudest of all at the point where the famous "Concert Champêtre" from the Louvre is said to be by Titian, and the "Susannah and Daniel" from Glasgow.

The unique pleasure of any such exhibition is to see wonderful paintings hanging together, commenting on each other. The "Concert" and the "Susannah" look less like Titian to my eye, for being shown alongside the newly cleaned *scuro conversazione* from Mantegna di Traversato.

Here is the artist of the Friar Assumption, totally confident in his harmonious grouping of monumental figures, and gifted above all with the surpassing



Young Titian's "Virgin and Child with St. Catherine, Dominic and Donor" from Mantegna di Traversato, Fondazione Magnani Rocca

use of colour.

Separate sections on middle and late Titian include such rarities as a portrait of Laura Dianti, Alfonso d'Este's mistress, and "St. Margaret," stepping out of the dragon's jaws while behind her is the view of a burning city as brilliantly impressionistic as anything

Cupid and Organist". In all there are 150 paintings, and two rooms of 120 exceptionally fine prints and drawings. *Le Siècle de Titien* is attracting some 4,000 visitors daily so you should expect a queue. However, the show is spaciouly hung which means that the crowd soon thins out.

Patricia Morison is enchanted by a masterful exhibition of Venice's Golden Age

from late Titian's brush. Interspersed are copious selections of other artists of the Veneto who fell under (or in Loto's case, rejected), the spell of Giorgione and Titian.

The Louvre has lent much, including the "Man with a Glove". Its "Venus of the Pardo" can be seen with the two triumphantly erotic mythologies from the Prado, "Danae" and "Venus with

Wastage is helped by the fact that there are disgracefully few seats. This may be a mundane point, but it is nonetheless a serious one.

Increasingly, doubts are expressed about the wisdom of exposing works of art to the risks of travel. In the last analysis, then, the justification for blockbuster exhibitions has to be the joy they give the public. So why, one might ask, are

curators the world over so indifferent to their visitors' comfort? *Le Siècle de Titien* is, I am afraid, a classic example. The labels are so small that opera glasses are a good idea. And if possible, plan to visit more than once - not that there is a season ticket option, which also seems ungenerous. At the least, husband your strength, for the final room of the exhibition deserves not to be skimmed. Hung against a nasty royal blue background, are the unsettling works of four great painters in their old age. Of Venetians there is the tender, quiet-toned "St. Pantaleon curing a Child" and "Christ in the Garden of Olives". Counter-Reformation spirituality speaks with a more troubling voice in the nocturnal scenes by Tintoretto and Bassano. Among the masterpieces of Titian's final two decades are "Venus and Adonis" from the Metropolitan, the newly restored "Venus Bandaging the Eyes of Cupid," the Detroit "Ecce Homo," and

"St. Jerome" from the Escorial. Above all, there is "The Flaying of Marsyas," the painting which in a decade of travel around the world has awakened a deep response in art lovers, few of whom would ever see it at home in Kroner in the Czech Republic. Surely, then, it should have been possible to provide a perch?

Prestigious blockbuster shows look set to continue despite the opposition of hard-line conservationists, indeed, are the unsettling works of four great painters in their old age. Of Venetians there is the tender, quiet-toned "St. Pantaleon curing a Child" and "Christ in the Garden of Olives". Counter-Reformation spirituality speaks with a more troubling voice in the nocturnal scenes by Tintoretto and Bassano. Among the masterpieces of Titian's final two decades are "Venus and Adonis" from the Metropolitan, the newly restored "Venus Bandaging the Eyes of Cupid," the Detroit "Ecce Homo," and

■ Exhibition ends 14 June; open daily (except Tuesdays), 10-8, Thursdays 10-10. Sponsored by ICI France.

French look to a new era

Alice Rawsthorn on the prospects for arts minister Jacques Toubon

THE SUMPTUOUS 18th-century corridors of the French culture ministry at the Palais Royal in Paris have been bustling with activity as Jack Lang, the former arts minister, moved out and Jacques Toubon, his successor, moved in.

It is the end of an era for the arts in France. Lang, 53, with his curly locks and Thierry Mugler suits, has dominated the cultural scene for nearly a decade with his innovative policies, big budgets, lavish promotions and the *grands projets*, his monuments to modern architecture. *Libération*, bible of the French intelligentsia, even dubbed the 1980s - *l'époque Lang*, the Lang era.

What happens now? Will the new conservative government provide the same level of financial support as the socialists? How will the arts be affected by the austerity measures announced by Edouard Balladur, the new prime minister? And how will Toubon match up to Lang?

Toubon does, at least, want the job. François Léotard, culture minister in the last conservative government from 1986 to 1988, reluctantly accepted the portfolio only after President François Mitterrand had blocked his appointment as defence minister, the post he holds in the new cabinet.

But the gregarious Toubon, 51, a casino croquer's son from Nice who entered politics from the elite Ecole Nationale d'Administration, is an arts enthusiast. He is also a confidant of Jacques Chirac, prime minister in the last conservative administration and now mayor of Paris, where he rivals even Lang in the extravagance of his arts budget.

Toubon made an early play for the culture ministry by writing the conservatives' arts manifesto, beating off competition for the job from Alain Carignon, mayor of Grenoble, and Bernard Henri Lévy, the "pop" philosopher.

The new minister's enthusiasm may not be enough. The chief concern of the arts community is the fate of the cultural budget, which rose rapidly in *l'époque Lang* from 0.47 per cent of government expenditure in 1981, when Lang took office, to 0.98 per cent last year. Traditionally the conservatives have cut the budget. It fell from 0.93 per cent when Léotard arrived in 1986 to 0.81 per cent when he left in 1988.

Lang was lucky. He presided over the culture ministry when the French economy was booming. Toubon is less fortunate. The economy is now sluggish and the conservatives have inherited a FF225bn (£28.35bn) budget deficit. Bal-

ladur has asked his new cabinet to save FF230bn from annual expenditure, some of which must come from the arts.

Which areas will be most vulnerable? The *grands projets* are now completed. The only exception is the FF17.2bn *Trés Grande Bibliothèque*, the controversial new national library designed by Dominique Perrot, which is still a hole in the ground. But Lang has already spent FF40m digging the hole, and Toubon has conceded that it will go ahead.

However, there are likely to be far fewer new schemes. The Opéra Bastille may find it difficult to persuade the conservatives to fund its plans for a 1,100 seat auditorium to stage smaller productions. The final phase of the FF6.6bn Grand Louvre scheme, which involves renovating and extending the galleries of the Louvre museum and the neighbouring Musée des Arts Décoratifs, could also be curtailed.

Toubon has hinted that the conservatives may cut contributions to the running costs of arts institutions, particularly Paris. The Opéra Bastille's FF550m state subsidy may be vulnerable as the new opera has been clouded by controversy and lack-lustre reviews.

The cuts could pose problems for some institutions. The conservatives will encourage them to raise extra money from corporate sponsorship. But French industry is now under financial pressure. Moreover, many big arts sponsors are state-controlled companies which may be less generous once they are sold off to the conservatives' privatisation programme.

Toubon will do his best to mitigate the damage, and one of his strongest cards will be Lang who, although he has lost some of his lustre, is still France's most popular elected politician. He also had the advantage of being in power for so long that he had enough time to implement his policies.

A great deal will depend on Toubon's own status within the cabinet. He has far less clout than his predecessor. Lang used the arts portfolio as a base from which to build a cultural "super-ministry" including media, education and, eventually, the deputy prime minister's office. Toubon only has the arts brief.

Toubon's personal position is also more precarious. Lang had the inestimable advantage of being a favourite of President Mitterrand. The new arts minister's chief ally, Chirac, is not even in the cabinet, having gambled that his chances of winning the 1995 presidential elections will be better if he stays outside the government.

Beggars can be choosers

THERE IS a worrying quarter of an hour or so at the start of *The Beggar's Opera* when one fears that it is not going to work. The scenery on the large Barbican, London, stage is so intricate and pervasive, and the voices and the text so thin, that it looks as if John Caird's production will be overwhelmed by the set. It is only with Polly Peachment's wonderful air, "Oh what pain it is to part", at the end of the first act that you realise you are watching what was once a theatrical revolution.

The reaction was much the same on the original first night at Lincoln's Inn Fields in 1728. About 1,300 people turned up, including the first minister Walpole, whom the piece partly satirises, for what was billed as a great occasion. They took the opening coolly, but began to cheer as soon as Polly got into her singing stride. The production ran for 62 performances, then easily a record for a first run of any work on the English stage. John Gay the author, and friend of Pope and Swift, made a lot of money

out of it: around £800. He became the Andrew Lloyd Webber of his day.

The revolution was multiple. The piece is a satire on Italian opera. It also attacks the English upper classes for preferring foreign works to domestic and shows that English beggars can have just as good tunes. As satire, it suggests that there is not much ethical difference between a community of thieves and a community of politicians. *The Beggar's Opera* was the forerunner of the modern musical.

Much of the satire has been inevitably lost with time. I do not think that it is anything like as good a musical as the Brecht-Weill *Threepenny Opera*, which it inspired. But the RSC production should not be seen in that comparative light. Here is a loving reconstruction of a once major work with some modern embellishments. Iona Sekacz, the present composer, has changed some keys, added a few instruments and a touch of rock, yet it still seems essentially faithful to the original. The distinction from Italian opera, as the



Nigel Cooke and Richard McCabe in *The School of Night*

beggar says at the beginning, is that there is no recitative: beggars can be choosers. Otherwise, there are some lovely lulling lyrics and a remarkable musical variety. Gay originally thought that there should be no orchestral accompaniment, but was rightly overruled and continues to be so.

Caird's production was originally seen at the Swan Theatre in Stratford a year ago. The Barbican gives it the greater

space it deserves. Exuberance bursts out all over. If you sit in the front row of the stalls, you may be directly subject to the charms of David Burt's captivating Captain Macheath. Singing and speaking he has a marvellously controlled voice. Elizabeth Renihans's Polly and Jenna Russell's Lucy are good separately and even better together. *The Beggar's Opera* is a bit of an historical curiosity, but that is an additional reason

for seeing it.

The other new arrival at the Barbican, this time in the smaller Pit Theatre, is Peter Whelan's *The School of Night*, which looked interesting but slightly rambling when it was first shown at Stratford in October. It has become much tighter. Possibly it is a shade escapist. The author has done an immense amount of research on Shakespeare,

Marlowe, their contemporaries and the darker side of the Elizabethan court. But the play confirms my impression that set in with *The Bright and Bold* Design two years ago that Whelan is potentially the best of modern British playwrights. Richard McCabe is now a magnificently self-confident Christopher Marlowe, even when he is exhibiting self-doubt.

Malcolm Rutherford

Poor tilt at Don Quixote

THE FULL-LENGTH *Don Quixote* is a compendium of classical improbabilities laid at the door of Cervantes - is no stranger to our ballet repertoire. Ballet Rambert acquired an intelligent small-scale production in 1962. Festival Ballet showed a rather grander and jollier version in 1970. In 1966, Rudolf Nureyev made an excellent staging of the piece as he had known it at the Kirov, and subsequently produced it around the world. A few years ago Northern Ballet Theatre also produced an entertaining production.

Now the Royal Ballet has decided to acquire a *Don Quixote*. And, inexplicably, has chosen the production which Mikhail Baryshnikov made for

American Ballet Theatre in 1978. Everyone has had their way with *Don Quixote* since Peigle originally mounted it in Moscow in 1969, and revised it for St. Petersburg in 1971. In 1990 Alexander Gorsky edited the Moscow staging, and this recension was brought to Petersburg two years later and serves as source for most subsequent versions. The current Kirov and Bolshoi presentations respect Alexander Gorsky's 1990 edition. Nureyev cleaned the text, made it slightly more logical, and fired every company who presented it with a sense of classic vital-

ity and dramatic verve that exactly suited his ebullient view of the old war-horse. As it arrived at Covent Garden on Wednesday night, produced by Anthony Dowell, with a new design by Mark Thompson and the merry old Minkus score arranged and orchestrated by Christopher Palmer, this *Don Quixote* is deeply depressing. Its chief fault is to mistrust the historic conventions of the original. It looks uncaring of the text, of the historic relevance of the piece, of the idea of a 19th century balletic Spain where artists can be encouraged to play joyously with roles and with the dance itself. To make sense of the choreography - even in Baryshnikov's - charming recension - requires an appreciation of how national dance attitudes may be used to colour classic rule, how academic propriety may be given a flavour

of pimento. Steps must flash. Colours must be bright, and passions brighter. Whatever seriousness once obtained with the narrative, this has now given way to a parade of dance clichés and received ideas, which must be newly mined for us by vivacity in playing, by bravura, and a willingness to believe in the mad conventions of the piece.

Wit is all, and there is not a witty thing in this production. Mark Thompson's designs seem to me to be wholly misconceived. The first act square in Barcelona is a claustrophobic construction of blank red and ochre walls, embellished with a vast and skilled statue of the Blessed Virgin, and a suggestion of de Chirico perspective. The tavern is austere, unlikely in its wild contrasts in size of barrels and bottles; the windmill scene is so stylised as to make little sense. To "modernise" an old ballet needs more sympathy for its conventions and attitudes than Thompson shows, and his costumes are massively unsuited

for such a spectacle. Funereal black abounds. Unadorned bodies, glum and unflattering shapes, and hideous cut-throat tutus in the last act, betray the dance. The second act's dryads are got up in windmill head-dresses and tutus, better suited to the Lido than the opera-house. They are inexcusably crass.

The version of the score is hardly more appealing. Baryshnikov hustles the action along, and Minkus is similarly streamlined. The score was never the greatest of musical shakes, but the edition performed in Petersburg is tuneful, sparkling, and its blatantries accord with the buoyancy of that staging. Christopher Palmer's editing is efficient, yet rarely beguiles the ear - and, in the final scene, is more vulgar than is appropriate.

For the artists of the Royal Ballet, as for any Western company, there are huge problems in adapting to the stylistic demands of classic-Hispanic virtuosity. The Royal Ballet's first cast, led by Viviana

Durante and Irek Mukhamedov, seemed hemmed, and not a little uneasy - as who should say: "Where the hell are we?" They are in no way helped by their outfits, or by the glooming designs. Nor does the staging - as production or choreographic text - offer any inducement to gaiety.

The dance looks dull, the staging ill-paced, and the narrative, such as it is, in constant danger of disintegration. Characterisations are, not surprisingly, blank. As Kiki, Durante gives the last act dust a bright edge of virtuosity, but her reading is as yet unrelaxed, without radiance or generosity. Irek Mukhamedov, a wonderfully happy and engaging Basilio in the Nureyev version with the Royal Ballet of Flanders, looks here like a man who realises he is on board the *Titanic*. The rest of the cast apparently felt the same: they could plainly hear the strains of "Nearer, my God, to Thee" coming from the pit.

■ *Don Quixote* is sponsored by the Linbury Trust and The Friends of Covent Garden. It is in repertoire at the Royal Opera House, Covent Garden.

Clement Crisp

CLASSICAL CONCERTS

QUEEN ELIZABETH HALL WEDNESDAY 21 APRIL at 7.45pm
LONDON MOZART APPEARS

BERNSTEIN Serenade for Violin & Orchestra
IVES Unanswered Question
COPLAND Appalachian Spring
JOSEPH SWENSEN conductor
MIRIAM FRIED violin

315, 512, 510, 58, 52 Box Office 071 253 8500
Hynd-Almout Society (Registered Charity)

The Official London Theatre Guide
Supplied by the Society of West End Theatre

<p>ADRIAN Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899</p>	<p>ADRIAN Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899 Surrey Revue Strand, Tel: 071 346 8899</p>
---	---

Theatreline
T-Call 0800 336 336. The theatreline number is the only one you need to call for all the latest information on all the theatre in London. It's free. Call now.

Theatreline is produced by S.W.E.T. in association with F.T. Cityline

For daily sent availability only call 0800 336 336. The theatreline number is the only one you need to call for all the latest information on all the theatre in London. It's free. Call now.

0800 336 336. The theatreline number is the only one you need to call for all the latest information on all the theatre in London. It's free. Call now.

0800 336 336. The theatreline number is the only one you need to call for all the latest information on all the theatre in London. It's free. Call now.

مكتبة القرآن الكريم



HAIL TO the Chief!
A fine American sentiment, showing appropriate reverence to their head of state, whoever it happens to be.

It sounds much odder on British lips. But that is where it has been over the past few days, following President Bill Clinton's message to the Rector of Warrington. The British media gave effusive coverage to his statement of apparent sympathy to the victims of the IRA's Warrington bombings. It even supplanted from the labelled 'front pages' the Princess of Wales' attempts to console the parents of the murdered children.

There are three reasons why Britain's opinion formers have become so carried enthusiastic.

First, he had the wisdom to make

What the President did not say

Bill Clinton sent his Warrington letter to Dominic Lawson who read it carefully

sure his deeply personal message got into our hands before those of the people of Warrington. My copy of the telegram was headed "Attention News Editors: Following is the text of a message from President Clinton to the Rev Canon J O Collins, Rector of Warrington, Cheshire. Dear Reverend Collins..."

The second reason for our enthusiasm is Britain's strange attitude to the US. We like to sneer about Americans but when their country shows any recognition of us - such as awarding a British actress an Oscar - we curl up like a spaniel having its tummy tickled.

The third reason is peculiar to

President Clinton, and his reputation. During the election campaign he appeared to be sympathetic to the aims of the Sinn Féin. He stated that he, unlike his predecessor, would be happy to give entry visas to IRA spokesmen, such as Gerry Adams, to make propaganda tours of the US. He indicated that he would send a "peace envoy" to Northern Ireland, with the clear implication that the US wished to impose its own policies in the area.

Now we all throw our caps into the air because Clinton has denounced the IRA. But has he? I have read the letter carefully and he sent it to me, too. I can find

no mention of the IRA. Not one.

"The recent wave of terrorist violence" is condemned, which could be said to refer to the IRA, but equally it could refer to the recent murders of Catholics in Northern Ireland. Later, Clinton shows his true colours: "The American people join the people of Ireland and the United Kingdom in expressing their sympathy to those touched by these outrages, in believing that violence from whatever quarter can never be justified."

In other words, even in a message to the people of Warrington, the president of the US can not bring himself to single out the IRA,

the perpetrators of the terror in question, for special condemnation.

We should not be surprised by this. Clinton still has Irish constituency at home to think of. And his main purpose, like that of many politicians in this whole ghastly episode, is to show clearly, and to state openly and categorically, that he is and always has been opposed to the murder of children. It is a brave stand, and could lose Clinton the votes of child murderers, but politics is about taking the things that people do not want to hear.

Should I be so cynical? We are told that the President was so

moved that he shouted out of the Oval Office his speech writers, and actually sat down and composed his letter all by himself. Having read and re-read the text (in my vain search for the three letters IRA) I have concluded that Clinton should not let go of his speech-writers' hands in future. His own tongue is forked, and he needs expert assistance to straighten it out, before speaking.

I have one other suggestion: that the next time a member of the Royal Ulster Constabulary is murdered by the IRA, unless we hear similar effusions of sympathy from Clinton, and from leading Irish politicians, we should instruct our ambassadors in Washington and Dublin to deliver a personal message of our own. It would say simply: you lot are stinking hypocrites.

Dominic Lawson is editor of The Spectator.

The nation weeps

Michael Thompson-Noel



I ALMOST didn't watch last Saturday's Grand National steeplechase at Aintree racecourse, what with the cruelty angle - the propensity of all racing over jumps to

smash and batter the animals. The unintelligent, which includes everyone associated with jumps racing - owners, breeders, trainers, jockeys, stable staff, officials, Jockey Club, vets, farriers, horse-box drivers, bookmakers, sponsors, newspaper hacks, TV commentators, paying customers and the man who holds the gun ready to shoot the horses that are damaged beyond repair - have an excuse for watching the Grand National. Their unintelligence.

In the end, though, I relented. I skimmed the form-guide hurriedly, scuttled to the betting shop, placed £20 worth of bets, scuttled indoors again and turned on the BBC. I am glad that I did so because as everyone now knows, last Saturday's Grand National produced the biggest cock-up - a spectacular British cock-up - in the history of professional sport.

I laughed until the tears ran. I haven't felt so uplifted since the fall of Saigon. I loved every minute of it, especially the way that the BBC anchorman - Des or Les or something: the one who stares out at us as though he personally owns the TV rights to all major sports events - slipped deeper and deeper into the vocabulary of petulance as the magnitude of the fiasco impressed

HAWKS & HANDSAWS

Itself upon him.

At one level, Saturday's cock-up, which provoked a gale of worldwide mockery, ought to prove a morale-booster for the animal rights and anti-cruelty protesters. As they are doubtless aware, the fiasco has played into their hands by spotlighting the rotten foundations with which the Grand National, an anachronistic hold-over from the 19th century, is underpinned.

The protesters have got the toffs who rule and run racing firmly in their sights. But they must squeeze the trigger carefully. They must woo public opinion by concentrating on the hundreds of racemasters (no-one knows how many) that die prematurely as a result of injury at the racecourse.

Much more importantly, the cock-up supports my belief, advanced two weeks ago, that the events of recent months - above all, the recession - have exposed our institutions to such ferocious scrutiny that life in Britain will never be the same again. It may not get much better. But I believe it will be different.

Take the Grand National, which is an institution of a sort. It is probably the world's most famous horserace. But it is really made of cardboard. If you watched TV last Saturday you will have noticed, in the background, a succession of ash-faced toffs, resplendent in trench-coats, hatted and binocular-wielding, marching backwards and forwards, deeply and bitterly ashamed of the fiasco they had caused - but powerless to halt the crashing juggernaut.

Naturally, the spin-doctors at the Jockey Club and the hapless managers of Aintree racecourse are trying to put a constructive gloss on things. And there will be a vicious competition to pass the blame.

But they won't fool anyone - not when the BBC broadcast is flashing, at the speed of light (6 trillion miles per year), out into the galaxy, so that all those extraterrestrials who live near far-flung stars will eventually enjoy the spectacle we enjoyed last Saturday. "Great show from Earth tonight," says a four-headed version of Des or Les. "The 1993 Grand National from Aintree, England, on planet Earth. Make sure you stay tuned, it's out of this world."

So far, the only major British institution to have undergone at least minor reform is the monarchy, at whose apex Queen Elizabeth II, that well-known racehorse owner, has graciously consented to pay a dollar of income tax. But the House of Windsor has lost its mystique. With luck, the monarchy will be modernised further, and greatly cut back.

I have no religious beliefs whatsoever. But I do have an Easter message, which goes like this: do not cast yourselves down, or weep and rend your clothes; reform is in the air; the recession is lifting; at least momentarily; things will get slightly better before they get far worse; our institutions are teetering.

If you enjoyed the Grand National, you will love what is to come.

Interview

The woman who built the Umbrella

BRITAIN'S Dance Umbrella is the world's largest and longest-running festival of modern dance. Audiences go to see new kinds of physically, and a presentation of the human body that is more "democratic" or less stylised than that of ballet or other dance traditions. Pointe shoes are almost never seen, Doc Martens and bare feet often. Few of the Umbrella's dances tell stories, and not many respond to music. Virtuoso technique is rarely the point.

An average Umbrella will include mixed-media dance theatre, minimalist dance, dance improvisation, multicultural dance, dance inspired by clubs or street dance or just by everyday pedestrian movement. Plenty of it will make a marked effect out of its treatments of women (and, maybe, men): some of it will make other conceptual points; most of it will provoke widely differing reactions.

The Umbrella occurs mainly in small auditoria: Riverside Studios, the Queen Elizabeth Hall, the Place, the ICA Theatre, and more. Yes, this is the fringe - but, since the festival began in 1978, its influence has percolated through the British arts. Umbrella choreographers have gone on to work for the Royal Ballet, the RSC, the National Theatre, the Royal Opera and English National Opera, and for comparable companies abroad. There is still controversy - where there once were complaints about "unattractive" experimentation, now there are groans about "the lack of the new" - but the Umbrella has become a valuable part of the British dance firmament.

One woman, Val Bourne, has directed the Umbrella since 1978. She has seen the whole emergence of modern dance in Britain. She was at the Royal Ballet School in the 1950s, danced with Sadler's Wells Opera for three years, and, after a spell of other work, came back to dance as a publicist.

"The company I worked for presented Martha Graham in her 'sons here' - these were Graham's mid-1960s seasons that so impressed the British. "and Twyla Tharp, when she was very new and radical and walked across the stage and dropped an egg. I was very bemused by that."

"But I really wasn't used to modern dance then. And I remember seeing Merce Cunningham, whose work I brought here last year in the Umbrella, and thinking then that it was awful. Last year, when he and his company appeared for the first time in Northampton, many people in the audience reacted just as I had in the '60s - and I realised again that it just takes time for people to get used to new dance. It wasn't until the '70s that the penny

Alastair Macaulay talks to Val Bourne, artistic director of Dance Umbrella

dropped for me and I started to love Merce's work."

Meanwhile Bourne became press officer to Ballet Rambert just at the time it changed identity, and became a modern-dance company.

"Martha Graham, Twyla Tharp, and the Rambert really were my first taste of modern dance. It was really the Rambert, with which I worked for eight years, that fired me. I did become very enthusiastic about the modern-dance works the company took in then, and I was enthused by the people. These were the first intelligent dancers I had met! The people who had stayed with Rambert had had a very clear choice. They could have taken ballet jobs elsewhere; but they'd chosen to stay and do new ways of moving."

"The first Umbrella was to have been just a one-off. I was then working for Greater London Arts, and someone who'd been to New York

and seen all the new dance in an Umbrella season there, came back and suggested 'Why don't we do that here?' So I planned a festival that would present just about everything then making dance on the London fringe. As it happened, the ICA had organised a season of the leading New York post-modern dance choreographers for the same time, so we brought that in too. Anyway, the season was successful enough for people to want another. Since 1980, it's become an annual festival."

It is debatable whether much of the fare presented under Dance Umbrella is dance. Plenty of it involves speaking, some could be called as part of the London Music Festival, much of it is multi-media. Is this a problem for Bourne?

"No, definition is not a big issue for me really. There are parameters - cases where you think people can't or won't make dances. In one case, a choreographer was to have made a dance piece for us. Only when it came to doing the publicity did we realise that it was basically intended as a play. But if it's on the cusp, I'm fine about that."

"In general, labels frighten me. They talk of post-post-modern dance now! But let's put it the other way. I wouldn't want to be minimalist."

"I was watching Kurosawa's film *Ran* and the way it shows those armies moving across the screen is choreography. Well, if I could have *Ran* in the Umbrella, I would."

I am curious about her own dance training, which was in the mainstream: i.e. ballet.

"I began dancing in Calcutta. My best friend, Veronica, who later married the conductor Alexander Gibson, took ballet classes there, and I decided to do the same. I was 11 or 12, and we were taught by a Russian woman who had more passion than teaching ability - she had us do virtuosic steps like *fouetté* turns very early on, I remember."

Why Calcutta? "I was born just before the War, in Burma; my father was in shipping. When we came to England, I went on studying ballet - and Greek dance."

"I was a serious child, and I was bright, and my parents weren't too keen on the importance I gave to ballet. Going to the Royal Ballet School was a big shock. It was like going into the army. You really were a student there, and very regimented. My two years there were very interesting because I'd been brought up in the Calvinist tradition that if you worked hard enough, you'd get where you wanted. But at the School I suddenly realised that there was another element: talent. I was never going to be anything better than a swan or a will all my life. I had a friend, who was lazy but talented. I'd watch her, and I'd just realise that I could kill myself with hard work but she could dance me off the stage. That was a very hard lesson to learn."

Is it possible that Bourne's subsequent interest in modern and fringe dance has been some sublimation of her awareness that she would not make it as a ballerina?

"I don't know. To be honest, there wasn't anything else then, there was a huge vacuum. People often ask 'Don't you take classes for pleasure now?' But the answer has always been 'No'. Ballet classes for me were a means to an end."

"When Rambert became a modern-dance company, we found that the lovely ballet audience came for the first year and didn't come back. So we had to find new viewers. We toured a lot to towns with university audiences - Warwick, Oxford, Exeter, Southampton - and we decided that the most positive way was with young people who had as yet no preconceived ideas about what dance was. And we did attract young audiences; they did enjoy it."

"For the first years of the Umbrella, we also attracted people mainly between the ages of 18 and 25. But we've just received the results of our latest survey, which says that our audiences now are mainly between 25 and 40. That's very interesting, but it's also quite a shock."

"Students aren't coming the way they used to. That may be because

they can't afford to; but today's students are also more conservative. Just look at the way they dress; they don't espouse causes any more; they want to know 'if I don't like it, can I get my money back?'

And funding? "In 1978, we funded the whole festival on £5,000 from the Arts Council, plus a similar sum from GLAA, which also then paid my salary, the postage, and so on. On that we managed to present 12 companies and four soloists. Today we have a core fund from the Arts Council of £148,000, on top of which we need to raise a further £200,000. Well, this year the Umbrella has received the Prudential Award for the Arts, which is £100,000."

How does the Umbrella present itself to the uninformed?

"A lady from IBM recently pointed out to us 'Most people haven't a clue what to come to. People need to be directed.' That's true, I realise. A boyfriend who educated me in American literature used to say 'You've dealt with Hemingway, now deal with Faulkner.' So we

should offer a No 2 route to the Umbrella, as in mountain climbing or skiing - to say 'You've done the blue route, now try the yellow route.'

"I still don't regard Merce Cunningham as a warm bath. And that goes for any of what the Umbrella presents. I still have to pay attention to it. In fact, that's some kind of definition for what we present. I've seen choreography in New York, and here too, that is very well made - but unchallenging. The Umbrella should present work that is stimulating. If it's challenging, then I'm interested and rewarded."

"We're freer now to choose what we want to present, and travelling to look for new work is a large part of what I do. There are festivals here and abroad that I attend, and I visit New York once a year or more. Sometimes I've made the mistake of bringing a company to the Umbrella just because it was the best thing I saw at a certain festival. A worse mistake has been to bring over a dance to London when I've only seen the video. And often I've

trusted an artist, mistakenly, when I haven't seen the new work he or she is bringing or making. Almost all of the mistakes are mine, because I'm the one who does most of the travelling to look for work."

Recently Bourne was made an OBE. I asked about the choreography for the presentation ceremony.

"It was quite interesting, yes, but you didn't have much chance to make a mistake. This man kept pushing me in the back, and saying: 'Three steps forward. Turn. Two steps forward.'"

Ninette de Valois, founder of the Royal Ballet, has always said "It takes more than one to make a ballet company." Bourne stresses that the OBE was given to her as a way of acknowledging the area of dance she has served.

"I honestly think I was awarded it because I've survived, and because this kind of dance was taken root, and because I was a woman. Mainly because of the field, though. People thought that this kind of dance would just go away, and it hasn't. It exists and it's flourishing."

A bloody battle that leaves few traces

IN HIS article on page 1, A.C. Grayling strives to draw our attention to a dastardly attack on the holy citadel of science by the evil forces of religion. But it is an interesting exercise to swap "religion" for "science" throughout his article and see how much sense it might make. I read it with great interest, having just returned from a library where I had been searching for a book in a section listed as "religion and science" and containing several hundred titles. There was no blood dripping from the shelves. Most of them are thoughtful and reflective dialogues between highly intelligent scholars, philosophers, scientists and theologians. Of Grayling's bloody battle, there is little trace.

What is going on? I am not so concerned about the present state of play between scientists and theologians or philosophers. I am intrigued to know what is going on when such passion erupts suddenly to paint a picture of heightened drama worthy of Goya himself.

Some years ago, Liam Hudson suggested in *Contrary Imaginations*

that the human imagination can be divided broadly into two distinct types, convergent and divergent. Convergers tend to see things in black and white. They are either/or people and believe there is One Right Answer. They get things done, looking neither to right nor left. They analyse, sort and list.

Divergers tend to be lateral thinkers. They make connections, thrive on metaphor, are tolerant of ambiguity and tend to see things in shades of grey. They invent but cannot finish the washing-up.

Fundamentalism is convergence driven by passion. It is a highly effective weapon, as Mrs Thatcher and the Ayatollah Khomeini both demonstrated so ably. Driven by passion, it trips over totipotency and becomes an ideology. Soon, the ideological map becomes more important than the actual terrain. Reality is distorted or simplified by theory.

Mercator's Projection flattens out a three-dimensional globe on to a two-dimensional page and then, at the top and the bottom of the old atlas, the Arctic and Antarctic were rent asunder. What is the passion

which drives the ideological cartographer of human knowledge, the human mind? Marxism, monetarism, religious fundamentalism (Islam or Christian) and scientism are all driven by passions which can be just as destructive as Grayling suggests.

Hugh Dickinson, the Dean of Salisbury, says that science cuts itself off from the more profound questions that religion, at its best, seeks to address

Religious fanaticism has done some dreadful things. Worshipers of the absolute tend to adopt absolutist positions towards their opponent (yes, there are always enemies) and favour absolute solutions, including burning heretics and anathematising unwelcome truths. I can only conceive with Grayling's detestation of such attitudes and actions. But distortion or over-simplification seems to be creeping in when he proceeds to dump all the values created and

fostered, at least in Europe, by the Christian faith into the same cesspit with the ayatollahs.

He accepts that science has not always been the friend of our race. But that, he claims, is not the fault of scientists, but of the baser race of politicians and merchants who

think there is no such thing as religion or science. Science is what scientists hold provisionally to be true as a community; it is what they write and the disciplines of their art. It can go grotesquely astray - witness the sorry history of plate tectonics between 1900 and 1960. But scientists, like theologians, are men and women, many of them deeply religious and finding deep religious significance in their scientific work.

Professor John Polkinghorne is not a solitary swallow but, if the bookshelf is any evidence of recent trends, one of an increasing flock of highly intelligent men and women who migrate easily across two hemispheres which make a single globe. They resist its polarisation into hostile camps.

Fundamentalism is, essentially, paranoid. It thrives on the fear that there are Enemies Out There bent on destroying the Holy of Holies. In the heyday of its imperial glory, Islam was far more tolerant than its beleaguered people can bear to be today. It seems strange that some scientists should be feeling like that, too.

Either way, I am inclined to

هكذا من الناحية